

SOL PLAATJE LOCAL MUNICIPALITY



CITY OF KIMBERLEY

SOL PLAATJE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2018

SOL PLAATJE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

INDEX

	Page
General Information	2
Declaration Accounting Officer	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Accounting Policies	8
Notes to the Annual Financial Statements	34
Appendices are supplementary information and do not form part of the Financial Statements and are unaudited, unless stated otherwise.	
Appendix A: Schedule of External Loans	74
Appendix B: Analysis of Property, Plant and Equipment	75
Appendix C: Segmental Analysis of Property, Plant and Equipment	76
Appendix D: Segmental Statement of Financial Performance	77
Appendix E: Disclosures of Grants and subsidies in Terms of the Municipal Finance Management Act	78
Appendix F: Disclosures of Deviations from procurement policy	79
Appendix G: Appropriation Statements A1 - A7	80

SOL PLAATJE LOCAL MUNICIPALITY

GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

EXECUTIVE MAYOR	Alderman OM Matika		
SPEAKER	Councillor B Springbok (Acting)		
GRADING OF THE LOCAL AUTHORITY:	Grade 5	NC091	
AUDITORS:	Auditor-General of South Africa Block 1 Montrie Corporate Park 10 Oliver Road Monument Heights Kimberley 8301 Telephone 053-8311016 Fax 053-8326277		
			Private Bag X5013 Kimberley 8300
BANKERS:	Standard Bank Old Main Road Kimberley 8301 Telephone 053-8078215 Fax 053-8078173		
			P.O. Box 626 Kimberley 8300
REGISTERED OFFICE:	Civic Centre Sol Plaatje Drive Kimberley 8301 Telephone 053-8306911 Fax 053-8331005		
			Private Bag X5030 Kimberley 8300
MUNICIPAL MANAGER:	Mr G Akharwaray	B.Proc.LLB, Certificate in Management	
CHIEF FINANCIAL OFFICER:	Me ZL Mahloko	B.Comm Hons	
MEMBERS OF COUNCIL:	Councillor Ward 1 Francis BP 12 Mokgalagadi M 23 Vorster PJ 2 Visagie L 13 Wapad MR 24 Steyn SM 3 Lewis CB 14 Pieterse LHS 25 Fourie OC 4 Mpanza TH 15 Keetile WM 26 Makhamba BJ 5 Mohapi PM 16 Stout BJ 27 Hammer N 6 Setlholo DT 17 Petoro GI 28 Griqua SH 7 Kwagile PP 18 Van Wyk PR 29 Springbok B 8 Ngoma TC 19 Tshite BP 30 Kock GP 9 Monyamane GK 20 Pearce C 31 Keme BJ 10 Gomba JT 21 Van Rooyen WA 32 Lekhatlanya MJ 11 Qonga YT 22 Maditse NM 33 Sebegu KM Councillor Proportional 1 Badenhorst EL 12 Kruger F 23 Mpampi S 2 Beylefeld MJ 13 Liebenberg R 24 Mpongisa IM 3 Bishop PD 14 Louw M 25 Niemann E 4 Boshoff WJ 15 Ludick RA 26 Phiri KC 5 Boqo AN 16 Matshediso OM 27 Plaatjie OB 6 Buda HU 17 Meintjies M 28 Shushu LN 7 Chinkuli DS 18 Meleng LP 29 Steenkamp DL 8 Doyle MS 19 Miller HB 30 Thabane MP 9 Duba LF 20 Mokae OJ 31 Thulo FL 10 Johnson E 21 Morwe RT 11 Kika SN 22 Moshweu MM		

SOL PLAATJE LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2018

I am accountable for the preparation of these annual financial statements, which are set out on pages 3 to 79, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

I acknowledge full responsibility for the system of internal financial control and the duty to maintain adequate accounting records as required by MFMA 56 of 2003.


KR Sebolecwe
Municipal Manager Acting
31 August 2018

SOL PLAATJE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 June 2018

	Note	2018 R	2017 R	2018 Budget R
ASSETS				
Current Assets		1 428 550 204	1 334 977 128	1 224 887 268
Inventory	2	36 166 686	31 935 661	36 865 448
Trade Receivables from Exchange Transactions	4	821 809 061	708 516 857	352 703 073
Trade Receivables from Non-Exchange Transactions	5	443 525 283	359 656 787	580 342 262
Cash and Cash Equivalents	6	93 994 317	226 561 404	243 689 495
Vat Receivable from Exchange Transactions	8	33 054 857	8 306 419	11 286 990
Non-Current Assets		1 875 118 912	1 686 168 773	1 939 419 423
Property, Plant and Equipment	9	1 651 905 207	1 471 108 695	1 720 397 200
Heritage Assets	9	7 863 705	7 863 705	16 017 354
Intangible Assets	10	11 052 314	3 825 728	3 695 728
Investment Property	11	194 125 578	195 886 029	197 586 806
Trade Receivables from Exchange Transactions	4	8 123 515	6 133 346	1 558 199
Trade Receivables from Non-Exchange Transactions	5	2 048 593	1 351 270	164 136
Total Assets		3 303 669 117	3 021 145 900	3 164 306 691
LIABILITIES				
Current Liabilities		295 527 498	246 708 547	268 626 254
Consumer Deposits	13	32 340 693	26 182 008	34 555 475
Employee Benefits	14	11 486 636	9 507 325	10 516 122
Payables from Exchange Transactions	15	161 798 563	157 705 985	188 385 520
Unspent Conditional Grants and Receipts	16	23 047 597	12 349 709	-
Vat Payable from Exchange Transactions	17	39 360 026	32 725 353	25 918 627
Bank Overdraft	6	14 813 842	-	-
Current Portion of Long-term Liabilities	18	12 680 140	8 238 168	9 250 510
Non-Current Liabilities		441 515 620	427 400 309	427 301 038
Long-term Liabilities	18	204 225 630	210 434 634	192 949 174
Employee Benefit Liabilities	19	236 815 202	216 274 565	182 545 620
Non-current Provisions	20	474 788	691 110	51 806 244
Total Liabilities		737 043 118	674 108 856	695 927 292
Total Assets and Liabilities		2 566 625 998	2 347 037 044	2 468 379 399
NET ASSETS		2 566 625 998	2 347 037 044	2 468 379 399
Accumulated Surplus	21	2 566 625 998	2 347 037 044	2 468 379 399
Total Net Assets		2 566 625 998	2 347 037 044	2 468 379 399

SOL PLAATJE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2018

Budget 2017 R	Budget 2018 R		Note	Actual 2018 R	Actual 2017 R
REVENUE					
Revenue from Non-exchange Transactions					
469 708 261	511 595 364	Property Rates	22	504 475 221	468 496 818
20 660 000	15 430 000	Fines and Penalties		21 829 794	19 915 146
3 270 000	2 905 000	Licences and Permits		5 312 491	2 801 133
266 907 029	398 474 200	Government Grants and Subsidies Received	26	377 870 958	254 859 895
-	-	Public Contributions and Donations	27	4 561 345	-
Revenue from Exchange Transactions					
1 062 887 246	1 030 043 430	Service Charges	24	940 348 076	963 044 889
10 690 000	11 115 000	Rental of Facilities and Equipment	25	10 566 166	10 024 738
4 800 000	4 000 000	Income for Agency Services		5 052 557	6 975 018
20 000 000	20 000 000	Interest Earned - External Investments	23	18 700 351	21 576 378
120 000 000	97 629 000	Interest Earned - Outstanding Debtors	23	174 794 039	130 078 100
24 759 335	22 055 060	Other Income	28	24 518 060	26 177 440
-	-	Gains on Disposal of Property, Plant and Equipment		-	2 658 646
2 003 681 871	2 113 247 054	Total Revenue		2 088 029 057	1 906 608 201
EXPENDITURE					
644 340 070	679 381 122	Employee Related Costs	29	647 309 202	567 316 834
25 944 063	27 674 819	Remuneration of Councillors	30	28 409 358	25 011 009
60 617 000	67 510 000	Depreciation and Amortisation	31	64 071 006	56 981 745
190 500 000	203 000 000	Impairment Losses	32	240 466 835	190 194 771
27 790 073	26 811 930	Finance Costs	33	27 213 051	27 789 438
512 500 000	524 000 000	Bulk Purchases	34	501 333 991	491 966 152
44 362 888	57 174 085	Contracted Services	35	55 840 377	42 170 495
62 590 000	9 490 000	Grants and Subsidies Paid	36	9 324 953	7 984 007
351 881 513	362 770 016	General Expenses	37	291 462 534	236 018 880
155 000	-	Loss on Inventory		129 194	69 293
-	-	Loss on disposal of Property, Plant and Equipment		2 153 967	-
-	-	Foreign Exchange Loss		354 136	183 750
-	-	Impairment of Property, Plant and Equipment		371 499	3 308 937
1 920 680 607	1 957 811 972	Total Expenditure		1 868 440 103	1 648 995 311
83 001 264	155 435 082	SURPLUS FOR THE YEAR		219 588 954	257 612 890
Refer to Note 60.1 for explanation of budget variances					

SOL PLAATJE LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 June 2018

Description	Note	Accumulated Surplus Account				Total for Accumulated Surplus Account	Total
		Capital Replacement Reserve(CRR)	Self Insurance Reserve	COID Reserve	Accumulated Surplus		
2017		R	R		R	R	R
Balance at 30 June 2016	39	70 058 765	23 548 290	10 610 435	1 975 540 087	2 079 757 577	2 079 757 577
Correction of Error					9 666 578	9 666 578	9 666 578
Restated Balance		70 058 765	23 548 290	10 610 435	1 985 206 665	2 089 424 155	2 089 424 155
Surplus for the year					257 612 890	257 612 890	257 612 890
Transfer to Capital Replacement Reserve		60 000 000			(60 000 000)	-	-
Property, Plant and Equipment purchased		(37 927 281)			37 927 281	-	-
Contribution to Insurance Reserve			544 595	110 275	(654 870)	-	-
Balance at 30 June 2017		92 131 484	24 092 886	10 720 710	2 220 091 965	2 347 037 044	2 347 037 044
2018							
Restated Balance		92 131 484	24 092 886	10 720 710	2 220 091 965	2 347 037 044	2 347 037 044
Surplus for the year					219 588 954	219 588 954	219 588 954
Transfer to Capital Replacement Reserve		30 000 000			(30 000 000)	-	-
Property, Plant and Equipment purchased		(57 014 014)			57 014 014	-	-
Contribution to Insurance Reserve			185 232	249 479	(434 711)	-	-
Balance at 30 June 2018		65 117 470	24 278 117	10 970 189	2 466 260 222	2 566 625 998	2 566 625 998

Details on the movement of the Funds and Reserves are set out in Note 21.

SOL PLAATJE LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2018

	Note	Actual 2018 R	Actual 2017 R	Budget 2018 R
CASH FLOWS FROM OPERATING ACTIVITIES				
Grants received	26	377 870 958	254 859 895	398 474 200
Sale of goods and services	41	1 115 852 593	1 096 644 188	1 511 798 975
Employee Costs	29	647 309 202	567 316 834	679 381 000
Supplier payments	41	905 384 375	812 872 415	909 180 761
Cash generated from Operations	41	(58 970 026)	(28 685 167)	321 711 414
Interest received	23	193 494 390	151 654 478	44 407 250
Interest paid	33	(27 213 051)	(27 789 438)	(26 811 930)
NET CASH FLOWS FROM OPERATING ACTIVITIES		107 311 314	95 179 873	339 306 734
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	9	(243 129 121)	(117 209 245)	(313 940 936)
Purchase of Intangible Assets	10	(11 339 692)	(2 366 004)	-
Purchase of Investment Property	11	(813 064)	(115 400)	-
Proceeds on Disposal of Investment Property	11	2 356 666		
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(252 925 211)	(119 690 648)	(313 940 936)
CASH FLOWS FROM FINANCING ACTIVITIES				
New Finance leases		6 479 548	-	-
Loans repaid		(8 246 580)	(8 203 519)	(8 237 816)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(1 767 032)	(8 203 519)	(8 237 816)
NET DECREASE IN CASH AND CASH EQUIVALENTS	6	(147 380 929)	(32 714 295)	17 127 982
Cash and Cash Equivalents at the beginning of the year		226 561 404	259 275 698	226 561 404
Cash and Cash Equivalents at the end of the year		79 180 475	226 561 404	243 689 386

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act 2003 (Act Number 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

The Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2017 and 30 June 2018 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:

- (a) is required by a Standard of GRAP; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

1. 2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

1. 2. 1 Revenue Recognition

Accounting Policy 10.1 on *Revenue from Exchange Transactions* and Accounting Policy 10.2 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. BASIS OF PRESENTATION (continued)

1. 2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY(continued)

1. 2. 1 Revenue Recognition (continued)

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue, as far as Revenue from Non-Exchange Transactions is concerned. In particular, whether the municipality, (i) when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and (ii) when services are rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year and prior year is appropriate.

1. 2. 2 Water Inventory

The estimation of water inventory in the reservoirs is based on the measurement of water via the electronic level sensors where the level indicates the depth of water in the reservoir which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account during determining the volume of water on hand at year end. Refer to Note 2 in the annual financial statements.

1. 2. 3 Budget information

Variations between the budget and actual amounts are regarded as material if they exceed a 10% deviation. All material differences are explained in the notes/appendices to the annual financial statements. Budget and actual figures are presented on the the accrual basis of accounting.

1. 2. 4 Impairment of property, plant and equipment, intangible assets, investment property, heritage assets and inventories

The accounting Policy on "PPE - Impairment of assets and accounting policy" on "Intangible assets - subsequent measurement, amortisation and impairment" and accounting policy on "Inventory - Subsequent measurement" describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of cost and net realisable values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 26: "Impairment of cash generating assets" and GRAP 21: "Impairment of Non - Cash generating Assets". In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involve significant judgment by management.

1. 2. 5 Impairment of financial assets and financial liabilities

The accounting policy on Impairment of financial assets and financial liabilities describes the process followed to determine the value by which financial assets and financial liabilities should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP104: 'Financial Instruments' and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets and financial liabilities recorded during the current and prior year is appropriate.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. BASIS OF PRESENTATION (continued)

1. 2. 6 Impairment of trade receivables

The calculation in respect of the impairment of trade receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1. 2. 7 Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in the notes. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1. 2. 8 Useful lives of property, plant and equipment

As described in the accounting policy; 'Property, Plant and Equipment', the municipality depreciates its property, plant and equipment, investment property and amortise intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives and in what condition they will be at that time.

1. 2. 9 Defined benefit plan liabilities

As described in the accounting policy the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long service Awards and Ex-gratia awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 19 to the Annual Financial Statements.

1. 2. 10 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. The accounting policy on Financial Assets Classification and accounting policy on Financial Liabilities Classification describe the factors and criteria considered by management of the municipality in the classification of financial assets and liabilities. In making the above-mentioned judgements, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104 "Financial Instruments".

1. 3 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1. 4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. BASIS OF PRESENTATION (continued)

1. 5 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

2. STATUTORY FUNDS AND RESERVES

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

2. 1 Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.
- If a profit is made on the sale of assets, the profit on these assets is reflected in the Statement of Financial Performance and is not transferred to the CRR, as it is regarded as revenue.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2. STATUTORY FUNDS AND RESERVES (Continued)

2. 2 Self insurance reserve

A general insurance reserve has been established, and subject to reinsurance where deemed necessary, it covers claims that may occur. Premiums are charged to the respective services and credited to the operating account as per budgeted amounts. Reinsurance premiums paid to external reinsurers and other expenditure are regarded as an expense, and are debited against the operating accounts shown in the Statement of Financial Performance. The net surplus or deficit on the insurance operating accounts is transferred to or from the insurance reserve via the Statement of Changes in Net Assets. The balance of the self-insurance reserve is invested in short-term cash investments. Interest earned on the insurance reserve is recorded as interest earned in the Statement of Financial Performance.

2. 3 Compensation for occupational injuries and diseases (COID) reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of Section 84 of the COID Act (Act No. 130 of 1993). The certificate of exemption issued by the Commissioner, and as prescribed by the COID Act, requires that the Municipality deposits cash and/or securities with the Commissioner. Premiums are charged to the respective services and credited to the operating account as per budgeted amounts. The net surplus or deficit on the COID operating account is transferred to or from the COID reserve via the Statement of Changes in Net Assets.

3. PROPERTY, PLANT AND EQUIPMENT

3. 1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality;
- and
- if the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost on its acquisition date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) surrendered.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3. 2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequently, all property plant and equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Compensation from third parties for items of property, plant and equipment that were impaired, lost or surrendered is included in the surplus or deficit when the compensation becomes receivable.

3. 3 Depreciation

Land is not depreciated as it is regarded as having an indefinite useful life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality.

The useful lives of items of property, plant and equipment have been assessed as follows:

<i>Item</i>	<i>Years</i>
Buildings	30
Furniture and fixtures	5 - 15
Motor vehicles	5 - 15
Computer equipment	5 - 10
Infrastructure	
- Roads and paving	1 - 80
- Electricity	1 - 80
- Water	1 - 100
- Sewerage	1 - 60
- Landfill sites	25 - 55
- Storm water	1 - 60
- Streetlights	1 - 40
Community Buildings	
- Recreational facilities	30
- Security	3 - 15
Machinery and equipment	5 - 15
Water network	15
Land	Indefinite

The residual value, useful life and depreciation method of each asset are reviewed, if there is an indication that a change may have occurred in the estimated useful life or residual value of the asset. If the expectations differ from previous estimates, the change is accounted for in accordance with GRAP 3, either prospectively as a change in the accounting policy, or retrospectively as a prior period error depending on the specific circumstances.

Depreciation only commences when the asset is available for use, unless stated otherwise.

Reviewing the useful life of an asset does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in the surplus or deficit unless it is included in the carrying amount of another asset.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

PROPERTY, PLANT AND EQUIPMENT (continued)

3. 4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. Significantly delayed projects and projects that have ceased entirely are disclosed separately in the notes to the financial statements. Management will review the facts and circumstances around each individual project before classifying it as significantly delayed.

3. 5 Leased Assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3. 6 Heritage Assets

Heritage assets, which are culturally significant resources of nature (examples are statues, graves, memorial assets, libraries, canons, etc.) and according to GRAP 103 should be shown at cost and are not depreciated owing to uncertainty regarding their estimated useful lives. When the asset does not meet the recognition criteria because it cannot be reliably measured, relevant and useful information about it is disclosed in the notes (note 9.2) to the financial statements.

3. 7 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

3. 8 Derecognition of property, plant and equipment

An item of Property, Plant and Equipment of the municipality is derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end or the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the municipality.

Gains from the sale of assets are reported separately on the face of the Statements of Financial Performance. Gains or losses from the sale of assets are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds. This is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

4 INTANGIBLE ASSETS

4 1 Initial Recognition

The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the assets surrendered.

4 2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

In terms of GRAP 31 expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at the later date. Intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period, however such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed when there is an indication that such an assessment is required. The indicators as listed in the standard are used to determine if a review is required. Any adjustments arising from the review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

Amortisation only commences when the asset is available for use, unless stated otherwise.

4 3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

5 INVESTMENT PROPERTY

5 1 Initial Recognition

Investment property includes property e.g. (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. e.g. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases. This will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality; and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as property, plant and equipment or Inventory, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc.; and
- Property held for strategic purposes or service delivery.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

5 INVESTMENT PROPERTY (continued)

5 2 Subsequent Measurement - Cost Model

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-Line Method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The gain or loss arising on the disposal of an Investments proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5 3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

5 4 Depreciation and impairment

Investment properties are annually tested for impairment, including investment properties not yet available for use. Where items of investment property have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and depreciation method are reviewed when there is an indication that such an assessment is required. The indicators as listed in the standard are used to determine if a review is required. Any adjustments arising from the review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

Depreciation is charged on a straight-line basis over the assets' useful lives. The residual value of assets with finite useful lives is zero, unless an active market exists. Where investment properties are deemed to have an indefinite useful life, such assets are not depreciated (e.g. land).

6. FINANCIAL INSTRUMENTS

6. 1 Financial Assets - Classification

A financial asset is any asset that is cash or contractual right to receive cash.

In accordance with GRAP 104 the financial assets of the municipality are classified as follows into the categories allowed by this standard.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that are quoted in an active market. They are included in current assets except for maturity greater than 12 months which are classified as non current assets. Financial assets at amortised cost are initially recognised at fair value plus transaction cost are directly attributable to the acquisition or issue of the financial asset. After initial recognition financial assets are measured at amortised cost using the effective interest rate method less the provision for impairment.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

6. FINANCIAL INSTRUMENTS (continued)

Financial assets at cost are investments in residual interests that do not have a quoted market price in an active

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

The municipality has the following types of financial assets on the face of the State of Financial Position:

Class	Category
Non - current Investments	Financial asset measured at amortised cost
Long-term receivables	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Bank, cash and cash equivalents	Financial asset measured at amortised cost
Current Portion of Non-current Investments	Financial asset measured at amortised cost
Current Portion of Long-term receivables	Financial asset measured at amortised cost

Cash includes cash on hand (including petty cash) and cash at bank (including call deposits). Cash equivalents are short term and highly liquid investments, readily convertible into known amounts of cash, that are held with registered institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

6. 2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The municipality has the following types of financial liabilities on the face of the State of Financial Position:

Class	Category
Long-term Liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non- exchange transactions	Financial liability measured at amortised cost
Bank Overdraft	Financial liability measured at amortised cost
Short-term Loans	Financial liability measured at amortised cost
Current portion of long-term liabilities	Financial liability measured at amortised cost

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

6. FINANCIAL INSTRUMENTS (continued)

6. 3 Risk management of financial assets and liabilities

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

The Municipality has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risks and exposure are disclosed as follows:

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The maximum exposure to cash flow and fair value risk, price risk and foreign currency risk is disclosed.

A sensitivity analysis for each of the market risks is done.

Credit risk

Credit risk is the risk of financial loss to the Municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the municipality receivables from customers and investment securities.

Each class of financial instrument is disclosed separately.

Maximum exposure to credit risk not covered by collateral is specified.

Financial instruments covered by collateral are specified.

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 48 to the annual financial statements.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

FINANCIAL INSTRUMENTS (continued)

6. 3 Risk management of financial assets and liabilities(continued)

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 48 to the annual financial statements.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

7. LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

7. 1 Finance leases - Municipality as lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Any contingent rents are expensed in the period in which they are incurred.

7. 2 Operating leases - Municipality as lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

7. 3 Operating leases - Municipality as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

8. INVENTORY

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs is deemed to be equal to its fair value at the date of acquisition. Where inventory is manufactured, constructed or produced, the cost includes, the cost of labour, materials and overheads used during the manufacturing.

8. 1 Subsequent measurement

Included in inventory are consumable stores, raw materials, Work in progress, water inventory, unsold properties and other arrangements. Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventory comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in-first-out cost formula.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

9. NON-CURRENT ASSETS HELD-FOR-SALE

The disclosure requirements per the Standard of GRAP on Presentation of Financial Statements require entities to disclose information about significant assets and groups of assets and liabilities, or components (as defined in GRAP 100), that will be disposed of in future reporting periods. These disclosures are provided once management has made a decision to dispose of certain assets, groups of assets and liabilities or components, instead of specific presentation on the face of the statement of financial position.

Specific measurement requirements for assets held for sale over and above those already required in existing Standards, are therefore not necessary.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

10 REVENUE RECOGNITION

Revenue in general is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

10 1. Revenue from Exchange Transactions

10 1. 1. Service Charges

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs. Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month. Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

10.1 2 Prepaid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale and payment is made in the month before year end, it's recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

10. REVENUE RECOGNITION (continued)

10.1.3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time-proportionate basis that takes into account the effective yield on the investment. Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors

10.1.4 Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

10.1.5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

10.1.6 Sale of goods (including houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

10.1.7 Rentals

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

10.2. Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

10. REVENUE RECOGNITION (continued)

10.2.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

10.2.2 Fines

Fines are defined as revenue from non-exchange transactions. It is revenue that arises from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. Fines will be accounted on a accrual basis based on IGRAP 1.

Fines constitute both spot fines and summonses for which revenue is recognised in accordance with the requirements of IGRAP1.

Fines are economic benefits or service potential received or receivable by entities as determined by a court or other law enforcement body as a consequence of breach of laws and regulations. Where a defendant reaches an agreement with a prosecutor that includes a payment of a penalty, instead of being tried in court, that penalty is recognised as a fine.

Initial recognition

Revenue from fines shall be recognised when an inflow of resources from non-exchange transaction is probable. The probability of inflow shall be determined when an allegation that an offence has been committed and that the offender must appear in court or before other law enforcement body. Normally, fines require an entity/offender to transfer a fixed amount of cash to the municipality and do not impose the obligation to the municipality to recognise a liability, as such fines shall be recognised as revenue when receivables meets the definition of an asset and satisfies the criteria for recognition as an asset.

Measurement

At initial and subsequent recognition, fines shall be measured based on fair value of the asset.

Impairment

Fines shall be assessed for indicators of impairment at the end of each reporting period. Fines not collected or fines where no warrant of arrests or summonses have been issued shall be impaired at measurement date.

10.2.3 Other donations and contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

10.2.4 Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures and is recognised when the recovery thereof from the responsible councillor or officials is virtually certain. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

10.2.5 Conditional grants and receipts

Equitable share allocations are recognised revenue at the start of the financial year if no time-based restrictions exist.

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Government grants and conditional receipts are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.
- best estimate of expenditure

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

11. PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

11. PROVISIONS AND CONTINGENCIES (continued)

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

11.1. Environmental rehabilitation provision

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

12. EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an municipality in exchange for service rendered by employees.

12.1 Short-term employee benefits

The cost of all short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) is recognised during the period in which the employee renders the related service and are not discounted. The Municipality recognises the expected cost of performance bonuses only when the Municipality has a present legal or constructive obligation to make such payment, and a reliable estimate can be made. The Municipality provides long-term incentives to eligible employees, payable on completion of years of employment. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

12. EMPLOYEE BENEFITS (continued)

12.2 Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a municipality provides post-employment benefits for one or more employees.

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

The Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Municipality is associated, a member on retirement, is entitled to remain a continued member of such medical aid fund and the Municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Municipality decision on protected rights. Post-retirement medical contributions paid by the Municipality and depending on the employee's contract could either be 70%, 60% or a subsidy indicated on a sliding-scale basis. The employee is responsible for the balance of post-retirement medical contribution in each case. External appointments do not qualify for a post-retirement medical aid subsidy. These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the unrecognised actuarial gains and losses, and past service costs. The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. For defined benefit plans the cost of providing the benefits is determined using the projected credit method. Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date. Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on the straight line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the entity is demonstrably committed to curtailment or settlement. When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs. Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

12. EMPLOYEE BENEFITS (continued)

Long-service Allowance and Ex-Gratia Arrangements

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. Ex-gratia arrangements are paid to employees who are not part of the Municipality's formalised pension arrangements. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

13. BORROWING COST

Borrowing costs are recognised as an expense in the period in which they are incurred.

14. IMPAIRMENT

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows:

- The municipality has looked at the definition of cash generating assets which determine that an asset can be identified as cash generating asset if there is a commercial return.
- The municipality do not operate in a profit-oriented manner and the main focus is to provide a service therefor all the assets will be classified as non-cash-generating assets.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

14. IMPAIRMENT(continued)

14.1 Impairment of Cash generated Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm length transaction, adjusted for the incremental cost that would be directly attributed to the disposal of the assets.

A value in use of a cash generating asset is the presentation of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.
- The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

14.2 Impairment of Non-Cash generated assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit in the statement of financial performance.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

15. HERITAGE ASSETS

An heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

15. 1. Initial Recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefit or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant of donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage asset purchases price and other costs attributable to bring the asset to the location and condition necessary for it to be call operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also included the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an heritage asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), transaction is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its measured at the carrying amount of the asset given up.

15. 2. Subsequent measurement

Subsequent expenditure relating to heritage assets capitalised if it is probable that future economic benefits of potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost of fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised if it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces part of an heritage asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all the heritage assets are measured at cost less accumulated impairment losses. Heritage assets are not depreciated, owing to uncertainty regarding their estimated useful lives.

16. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

17. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the payment basis in accordance with section 15(2)(a) of the Value Added Tax Act (Act No 89 of 1991)

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

19. IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including
(a) MFMA number 56 of 2003
(b) Public Office Bearers Act (Act No. 20 of 1998)

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the disclosure note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, must be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure (as described as per the Municipal Finance Management Act) is expenditure which was made in vain and would have been avoided had reasonable care been exercised.

21. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The cost of internal support are transferred to the various services and departments to who resources are made available.

22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to notes for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to the notes to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

24. TRANSLATION TO FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

25. COMPARATIVE FIGURES

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

27. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Only capital commitments are disclosed.

Commitments are disclosed for:

- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

2018
R

2017
R

1. GENERAL INFORMATION

Sol Plaatje Local Municipality (the municipality) is a local government institution in Kimberley, Northern Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements. The principal activities of the municipality are prescribed by The Constitution.

2. INVENTORY

Inventory Stores - at cost	27 636 695	23 328 719
Inventory Land	6 637 717	6 637 717
Water - at cost	1 892 275	1 969 225
Total Inventory	<u>36 166 686</u>	<u>31 935 661</u>

The net realisable value of the above water inventory is seen as higher than the cost as stipulated above.

The cost of Inventories recognised as an expense (included in general expenses) in respect of write downs of Inventory to Net Realisable Value and which was approved by Council amounted to:

129 194 69 293

The cost of Inventories recognised as an expense during the period was:

44 361 245 41 586 315

3. ASSETS HELD-FOR-SALE

The municipality intends to dispose some of its Property, Plant and Equipment through public auction within the next twelve months.

4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2018			
Service Debtors:	1 336 929 028	528 540 978	808 388 050
Electricity	225 739 520	89 243 770	136 495 750
Refuse	97 226 351	38 437 426	58 788 925
Sewerage	117 848 323	46 590 108	71 258 215
Water	404 926 183	160 083 352	244 842 830
Miscellaneous	491 188 651	194 186 321	297 002 330
Market	961 398	380 079	581 319
Housing Debtors	34 669 389	13 706 182	20 963 207
Sub-Total	<u>1 372 559 815</u>	<u>542 627 238</u>	<u>829 932 576</u>
Non current portion	(8 123 515)		(8 123 515)
Total	<u>1 364 436 299</u>	<u>542 627 238</u>	<u>821 809 061</u>

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)

	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2017			
Service Debtors:	1 340 807 999	645 569 284	695 238 715
Electricity	173 190 982	83 387 613	89 803 369
Refuse	79 551 392	38 302 229	41 249 163
Sewerage	100 695 127	48 482 468	52 212 659
Water	371 506 224	178 871 999	192 634 225
Miscellaneous	615 864 275	296 524 975	319 339 300
Market	940 424	452 793	487 631
Housing Debtors	36 495 750	17 571 894	18 923 857
Sub-Total	1 378 244 174	663 593 971	714 650 203
Non current portion	(6 133 346)		(6 133 346)
Total	1 372 110 828	663 593 971	708 516 857

Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors. Miscellaneous consist mainly out of interest charged on outstanding debtors and VAT on all services.

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened. There are no consumers who represent more than 5% of the total balance of Consumer Debtors. The Municipality does not require collateral in respect of trade and other receivables, except for consumer deposits made by consumers with the connection of water and electricity services.

	2018 R	2017 R
4.1 Ageing of Exchange Debtors		
<i>Electricity: Ageing</i>		
<u>Current:</u>		
0 - 30 days	54 982 342	49 530 799
<u>Past Due:</u>		
31 - 60 Days	12 926 624	7 931 799
61 - 90 Days	8 507 621	14 649 786
+ 90 Days	149 322 933	101 078 599
Total	225 739 520	173 190 982
<i>Refuse: Ageing</i>		
<u>Current:</u>		
0 - 30 days	4 175 328	3 366 035
<u>Past Due:</u>		
31 - 60 Days	2 375 065	2 106 457
61 - 90 Days	2 199 029	1 906 376
+ 90 Days	88 476 929	72 172 524
Total	97 226 351	79 551 392
<i>Sewerage: Ageing</i>		
<u>Current:</u>		
0 - 30 days	5 239 711	4 433 100
<u>Past Due:</u>		
31 - 60 Days	2 997 387	2 866 802
61 - 90 Days	2 764 672	2 571 992
+ 90 Days	106 846 554	90 823 234
Total	117 848 323	100 695 127

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)		
<i>Water: Ageing</i>		
<u><i>Current:</i></u>		
0 - 30 days	31 098 679	28 532 984
<u><i>Past Due:</i></u>		
31 - 60 Days	10 952 658	13 483 129
61 - 90 Days	11 610 154	12 230 112
+ 90 Days	351 264 691	317 260 000
Total	404 926 183	371 506 224
<i>Miscellaneous: Ageing</i>		
<u><i>Current:</i></u>		
0 - 30 days	21 077 625	20 899 012
<u><i>Past Due:</i></u>		
31 - 60 Days	11 092 421	16 579 867
61 - 90 Days	10 171 859	17 120 894
+ 90 Days	449 808 144	562 204 926
Total	492 150 049	616 804 699
<i>Housing Rentals: Ageing</i>		
<u><i>Current:</i></u>		
0 - 30 days	530 519	510 321
<u><i>Past Due:</i></u>		
31 - 60 Days	405 092	463 284
61 - 90 Days	398 179	458 790
+ 90 Days	33 335 599	35 063 356
Total	34 669 389	36 495 750

4.2 Summary of Debtors by Classification (Exchange and Non-Exchange Transactions)

	Household R	Industrial/ Commercial R	National and Provincial Government R	Total R
As at 30 June 2018				
<u><i>Current:</i></u>				
0 - 30 days	82 223 123	43 259 419	15 827 484	141 310 026
<u><i>Past Due:</i></u>				
31 - 60 Days	25 287 716	14 489 471	8 032 086	47 809 273
61 - 90 Days	25 041 441	9 268 455	7 614 463	41 924 359
+ 90 Days	864 104 638	246 079 274	741 702 722	1 851 886 634
Sub-Total	996 656 918	313 096 619	773 176 755	2 082 930 293
Less: Provision for Impairment	386 342 529	121 368 284	299 713 028	807 423 840
Total Debtors by Classification	610 314 390	191 728 335	473 463 727	1 275 506 452
As at 30 June 2017				
<u><i>Current:</i></u>				
0 - 30 days	68 764 088	39 656 134	16 742 197	125 162 419
<u><i>Past Due:</i></u>				
31 - 60 Days	30 728 231	10 452 786	10 826 255	52 007 272
61 - 90 Days	28 337 682	18 634 600	9 855 071	56 827 353
+ 90 Days	981 129 244	211 104 787	596 891 003	1 789 125 034
Sub-Total	1 108 959 245	279 848 307	634 314 526	2 023 122 078
Less: Provision for Impairment	528 843 524	136 926 948	281 693 347	947 463 819
Total Debtors by Classification	580 115 721	142 921 359	352 621 179	1 075 658 260

The amount for debtors past due more than the impairment loss provided for is seen as recoverable therefore no impairment loss has been provided for this excess amount. Management is of the opinion that the current debtors is fully recoverable.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
4.3 Reconciliation of the total Provision for Impairment		
Balance at beginning of year	947 463 819	789 000 801
Impairment Loss recognised	217 819 497	192 872 291
Amounts written off as uncollectable	(357 859 475)	(34 409 273)
Balance at end of year	807 423 840	947 463 819

In determining the recoverability of debtors, the municipality has implemented a risk based approach. Individual accounts are assessed and based on the risk factors identified, the adjusted present value of future cash flows of each account is determined. The difference between the adjusted cash flows and the current value is recognised as an impairment loss.

4.4 Ageing of impairment

0 - 30 Days	3 271 320	3 838 699
31 - 60 Days	2 495 308	2 928 096
61 - 90 Days	2 180 914	2 559 173
+ 90 Days	799 476 298	938 137 851
Total	807 423 840	947 463 819

5. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Assessment Rates	621 094 558	558 161 692
Government Subsidy Claims	55 923 389	58 595 814
Miscellaneous debtors	1 190 492	7 260 048
Traffic Fines	32 162 038	20 860 350
	710 370 478	644 877 904
Less: Provision for Impairment - Traffic Fines	(19 253 332)	(15 127 385)
Less: Provision for Impairment - Assessment Rates	(245 543 270)	(268 742 463)
Total Other Debtors	445 573 876	361 008 057
Non current portion	(2 048 593)	(1 351 270)
Total Other Debtors	443 525 283	359 656 787

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

5.1 Ageing of Debtors

Rates: Ageing

<u>Current:</u>		
0 - 30 days	24 205 822	21 646 562
<u>Past Due:</u>		
31 - 60 Days	7 060 027	8 551 913
61 - 90 Days	6 272 846	7 666 781
+ 90 Days	583 555 864	520 296 437
Total	621 094 558	558 161 692

6. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	93 994 317	201 931 958
Bank/(Bank Overdraft)	(14 813 842)	24 629 446
Total Cash and Cash Equivalents	79 180 475	226 561 404

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand and Cash in Banks, net of outstanding Bank Overdrafts.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
6. CASH AND CASH EQUIVALENTS (Continued)		
6.1 Current Investment Deposits		
Call Deposits	34 950 000	87 950 000
Notice Deposits	59 028 197	113 965 838
Total Current Investment Deposits	93 978 197	201 915 838

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 4.8% to 7.11% per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rate varying from 7.45% to 8.1% per annum.

A fixed deposit of R3,054,994 (2016: R2,992,635) was made as a security to the Self-Insurance Workman Compensation reserve as required by the Department of Labour - Compensation Commissioner.

A fixed deposit of R20,973,203 (2016: R20,973,203) was invested and ceded to Development Bank of South Africa representing the equivalent of one instalment of a loan taken up during the current financial year.

6.2 Bank Accounts

Cash book balance

Cash book balance at beginning of year	24 629 446	34 343 040
Cash book balance at end of year	<u>(14 813 842)</u>	<u>24 629 446</u>

The following disclosures in terms of Municipal Finance Management Act (MFMA) section 125 2(a):

Current Account (Primary Bank Account)

The Municipality has the following main bank account:

Standard Bank Kimberley Old Main Road

Account Number 040065367

Primary Bank account 040065367

Bank statement balance at beginning of year / (overdrawn)	37 727 821	78 334 651
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Bank statement balance at end of year / (overdrawn)	34 398 103	37 727 821
---	------------	------------

Sub account -Resort 040039072

Bank statement balance at beginning of year / (overdrawn)	-	-
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Bank statement balance at end of year / (overdrawn)	-	-
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Sub account -Traffic 040036340

Bank statement balance at beginning of year / (overdrawn)	-	-
---	---	---

Bank statement balance at end of year / (overdrawn)	-	-
---	---	---

Sub account -Stores 040065405

Bank statement balance at beginning of year / (overdrawn)	-	-
---	---	---

Bank statement balance at end of year / (overdrawn)	-	-
---	---	---

Sub account -Salary 040065391

Bank statement balance at beginning of year / (overdrawn)	-	-
---	---	---

Bank statement balance at end of year / (overdrawn)	-	-
---	---	---

Sub account -Market 040065383

Bank statement balance at beginning of year / (overdrawn)	-	-
---	---	---

Bank statement balance at end of year / (overdrawn)	-	-
---	---	---

Interest on overdrawn current accounts are charged at the bank's prime rate per annum.

Interest is earned at different rates per annum on favourable balances.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
6. CASH AND CASH EQUIVALENTS (Continued)		
6.3 Cash and Cash equivalents		
Cash Floats and Advances	16 120	16 120
Cash on hand in Cash Floats, Advances and Equivalents	<u>16 120</u>	<u>16 120</u>

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair value.

7. OPERATING LEASE ASSETS / RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance as at 30 June	-	34 999
Operating Lease expenses recorded	-	-
Operating Lease payments effected	-	(34 999)
Total Operating Lease Assets	<u>-</u>	<u>-</u>

7.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to property owned by the municipality with lease terms of between 1 to 10 years. The lessees do not have an option to purchase the property at the expiration of the lease period. Operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

Rental Revenue earned from Investment Property	429 815	389 168
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7.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	817 030	677 187
2 to 5 years	1 080 895	1 143 678
More than 5 years	701 760	722 416
Total Operating Lease Arrangements	<u>2 599 685</u>	<u>2 543 280</u>

The following restrictions have been imposed by the municipality in terms of its lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

8. VAT RECEIVABLE FROM EXCHANGE TRANSACTIONS

Vat Receivable from Exchange Transactions	<u>33 054 857</u>	<u>8 306 419</u>
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Vat is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

40

9. PROPERTY, PLANT AND EQUIPMENT AND HERITAGE ASSETS

30 June 2018

Reconciliation of Carrying Value

Description	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2017	1 109 176 435	304 413 140	7 863 705	57 519 120	1 478 972 400
Cost	1 568 831 896	368 928 132	7 863 705	149 860 687	2 095 484 420
- Completed Assets	1 478 897 968	367 792 290	6 017 355	149 860 687	2 002 568 300
- Under Construction	89 933 928	1 135 841	1 846 350	-	92 916 120
Accumulated Depreciation:	(456 346 525)	(64 514 991)	-	(92 341 566)	(613 203 083)
- Cost	(456 346 525)	(64 514 991)	-	(92 341 566)	(613 203 083)
Acquisitions	11 196 054	75 146	-	7 993 909	19 265 108
Capital under Construction - Additions	215 355 824	8 508 189	-	-	223 864 013
- Cost	215 355 824	8 508 189	-	-	223 864 013
Reversals of Impairment Loss	-	-	-	-	-
Depreciation:	(37 703 790)	(8 442 820)	-	(13 636 774)	(59 783 384)
- Based on Cost	(37 703 790)	(8 442 820)	-	(13 636 774)	(59 783 384)
Adjustment of Carrying values:	(227 522)	-	-	(2 086 870)	(2 314 392)
- Cost	(227 522)	-	-	(6 839 112)	(7 066 634)
Adjustment of Depreciation	11 098 935	-	-	-	11 098 935
Capital under Construction - Completed	-	-	-	-	-
Other Movements	(11 333 767)	-	-	-	(11 333 767)
- Cost	-	-	-	-	-
- Accumulated Impairment Losses	(11 333 767)	-	-	-	(11 333 767)
Carrying values at 30 June 2018	1 297 562 168	304 553 655	7 863 705	49 789 385	1 659 768 912
Cost	1 795 156 251	377 511 466	7 863 705	151 015 484	2 331 546 907
- Completed Assets	1 489 866 500	367 867 436	6 017 355	151 015 484	2 014 766 774
- Under Construction	305 289 752	9 644 030	1 846 350	-	316 780 133
Accumulated Impairment Loss	(14 642 704)	-	-	-	(14 642 704)
Accumulated Depreciation:	(482 951 380)	(72 957 812)	-	(101 226 099)	(657 135 291)
- Cost	(482 951 380)	(72 957 812)	-	(101 226 099)	(657 135 291)

30 June 2017

Reconciliation of Carrying Value

Description	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2016	1 059 575 540	287 528 939	7 863 705	62 932 265	1 461 490 008
Cost	1 485 782 598	344 511 966	7 863 705	143 864 409	1 982 022 678
- Completed Assets	1 201 930 301	338 156 557	6 017 355	143 864 409	1 689 968 622
- Under Construction	283 852 297	6 355 409	1 846 350	-	292 054 056
Accumulated Depreciation:	(426 207 058)	(56 983 027)	-	(80 932 143)	(520 532 669)
- Cost	(426 207 058)	(56 983 027)	-	(80 932 143)	(520 532 669)
Correction of error (Note 39)	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
Restated carrying values at 01 July 2016	1 059 575 540	287 528 939	7 863 705	62 932 265	1 461 490 008
Acquisitions	58 627 945	24 416 166	-	9 185 349	92 229 460
Capital under Construction - Additions	24 979 785	-	-	-	24 979 785
- Cost	24 979 785	-	-	-	24 979 785
Depreciation:	(30 408 250)	(7 531 965)	-	(13 984 550)	(51 924 764)
- Based on Cost	(30 408 250)	(7 531 965)	-	(13 984 550)	(51 924 764)
Adjustment of Carrying values:	(558 432)	-	-	(613 944)	(1 172 376)
- Cost	(558 432)	-	-	(3 189 071)	(3 747 503)
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	2 575 127	2 575 127
- Based on Cost	-	-	-	2 575 127	2 575 127
Adjustment of Depreciation	268 783	-	-	-	268 783
Capital under Construction - Completed	(218 898 154)	(5 219 567)	-	-	(224 117 721)
Other Movements	215 589 217	5 219 567	-	-	220 808 785
- Cost	218 898 154	5 219 567	-	-	224 117 721
- Accumulated Impairment Losses	(3 308 937)	-	-	-	(3 308 937)
- Accumulated Depreciation	-	-	-	-	-
- Based on Cost	-	-	-	-	-
Carrying values at 30 June 2017	1 109 176 435	304 413 140	7 863 705	57 519 120	1 478 972 400
Cost	1 568 831 896	368 928 132	7 863 705	149 860 687	2 095 484 420
- Completed Assets	1 478 897 968	367 792 290	6 017 355	149 860 687	2 002 568 300
- Under Construction	89 933 928	1 135 841	1 846 350	-	92 916 120
Accumulated Impairment Losses	(3 308 937)	-	-	-	(3 308 937)
Accumulated Depreciation:	(456 346 525)	(64 514 991)	-	(92 341 566)	(613 203 083)
- Cost	(456 346 525)	(64 514 991)	-	(92 341 566)	(613 203 083)

Refer to Appendices "B, C and Note 60.2" for more detail on Property, Plant and Equipment, including those in the course of construction.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
9. PROPERTY, PLANT AND EQUIPMENT AND HERITAGE ASSETS (Continued)		
9.1 Carrying Amount of Property, Plant and Equipment temporarily idle:		
An element of plant of the Municipality is currently temporarily not in use. The carrying amount of this asset, which is included in the reconciliation of the carrying value of Property, Plant and Equipment as above, is as follows:	57 855	57 855
9.2 Heritage Assets		
The municipality identified certain categories of assets that can be classified as Heritage Assets. Some of these categories are not valued due to the fact that no active market exists for these items and therefore no value can be attached to it. The mentioned categories are: <i>Municipal Jewellery, Antique Paintings, Monuments (including plaques or busts)</i> . The note below gives the detail of the composition of the heritage registers and the values attached thereto.		
Heritage assets disclosed in the financial statements consist of the following:		
Land (24 areas)	5 981 199	5 981 199
Antiques Other (38 items)	36 156	36 156
Antiques Paintings (15 items)	-	-
Municipal Jewellery (2 items)	-	-
Monuments (13 items)	-	-
Monuments (Work in progress)	1 846 350	1 846 350
Total	7 863 705	7 863 705
9.3 Work in Progress (WIP) - Projects significantly delayed		
Included in the work in progress balance is the following amount pertaining to the Riverton high lift pumps. This project has been significantly delayed due to the fact that the pump station building needed to be refurbished to enable the fitting of the pumps.	-	27 392 290
The project relating to the Ritchie Bulk Water augmentation has been delayed due to challenges experienced with the funding of this project.	-	12 022 391
Included in the work in progress balance is the following amount pertaining to the new Homevale Fire station. This project was been significantly delayed as a result of a dispute with the consulting engineer.	5 803 104	-
The Lerato Park water and sewer projects which is a presidential project has been hugely delayed as a result of contractual dispute with the consulting engineers. This issue is still unresolved.	4 622 739	-
10. INTANGIBLE ASSETS		
At Cost less Accumulated Amortisation and Accumulated Impairment Loss	11 052 314	3 825 728
The movement in Intangible Assets is reconciled as follows:		
Carrying values at 01 July 2017	3 825 728	3 825 728
Cost	11 627 148	11 627 148
Accumulated Amortisation	(7 801 420)	(7 801 420)
Acquisitions during the Year:	11 339 692	11 339 692
Purchased	11 339 692	11 339 692
Amortisation during the Year:	(4 070 773)	(4 070 773)
Purchased	(4 070 773)	(4 070 773)
Transfers during the Year:	(42 333)	(42 333)
At Cost	(160 088)	(160 088)
At Accumulated Amortisation	117 755	117 755
Carrying values at 30 June 2018	11 052 314	11 052 314
Cost	22 806 752	22 806 752
Accumulated Amortisation	(11 754 438)	(11 754 438)
Carrying values at 01 July 2016	6 299 418	6 299 418
Cost	9 903 284	9 903 284
Accumulated Amortisation	(3 603 866)	(3 603 866)
Acquisitions during the Year:	2 366 004	2 366 004
Purchased	2 366 004	2 366 004
Amortisation during the Year:	(4 839 694)	(4 839 694)
Purchased	(4 839 694)	(4 839 694)
Transfers during the Year:	-	-
At Cost	(642 140)	(642 140)
At Accumulated Amortisation	642 140	642 140
Carrying values at 30 June 2017	3 825 728	3 825 728
Cost	11 627 148	11 627 148
Accumulated Amortisation	(7 801 420)	(7 801 420)
The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31).		
All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Intangible Assets of the municipality.		

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
11. INVESTMENT PROPERTY		
At Cost less Accumulated Depreciation	194 125 578	195 886 029
The movement in Investment Property is reconciled as follows:		
Carrying values at 1 July	195 886 029	196 328 319
Cost	197 747 777	197 972 781
Accumulated Depreciation	(1 861 748)	(1 644 461)
Acquisitions during the Year	813 064	115 400
Depreciation during the Year	(216 849)	(217 286)
Disposals during the Year:	(2 356 666)	(340 404)
At Cost	(2 356 666)	(340 404)
Transfers during the Year:	-	-
At Cost	-	-
Carrying values at 30 June	194 125 578	195 886 029
Cost	196 204 175	197 747 777
Accumulated Depreciation	(2 078 597)	(1 861 748)
Estimated Fair Value of Investment Property at 30 June	196 204 175	197 747 777
Revenue and Expenditure disclosed in the Statement of Financial Performance include: Rental		
Revenue earned from Investment Property	429 815	389 168

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal. Impairment is assessed annually and if an indicator of impairment is identified, the investment property will be impaired.

There are no contractual obligations on Investment Property.

12. LONG-TERM RECEIVABLES

Staff were previously entitled to loans from the Municipality. This practice has been phased out by the Municipality in terms of the requirements of the MFMA. Subsequent to this change in policy, all loans have been repaid.

13. CONSUMER DEPOSITS

Electricity and Water	32 340 693	26 182 008
Total Consumer Deposits	32 340 693	26 182 008
Guarantees held in lieu of Electricity and Water Deposits	3 482 717	3 457 193

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer Deposits held.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
14. EMPLOYEE BENEFITS		
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 19 below)	7 693 959	7 007 261
Current Portion of Long Service Liability (See Note 19 below):	<u>3 792 677</u>	<u>2 500 064</u>
Total Provisions	<u>11 486 636</u>	<u>9 507 325</u>

15. CREDITORS

Trade Creditors	97 957 515	96 271 937
Payments received in Advance	14 151 190	16 414 735
Staff Bonuses	10 877 779	10 270 236
Other Creditors	1 490 098	1 256 734
Accrued Leave	37 321 982	33 492 342
Total Creditors	<u>161 798 563</u>	<u>157 705 985</u>

Various immaterial individual creditor balances have been restated for the prior year. Refer to Note 39 on "Correction of Error" for the quantum of the restatement as at 30 June 2016.

Accrued Leave accrues to the staff of the municipality on a monthly basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair value.

16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

16.1 Conditional Grants from Government

	23 047 597	12 349 709
Grants	<u>23 047 597</u>	<u>12 349 709</u>
Total Conditional Grants and Receipts	<u>23 047 597</u>	<u>12 349 709</u>

See Note 26 for the reconciliation of Grants from Other Spheres of Government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. Refer to Appendix "E" for more detail on Conditional Grants.

17. VAT PAYABLE FROM EXCHANGE TRANSACTIONS

Vat Payable from Exchange Transactions	<u>39 360 026</u>	<u>32 725 353</u>
Vat is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.		

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

18. LONG TERM LIABILITIES

	2018 R	2017 R
Annuity Loans	210 426 223	218 672 802
Finance Lease Liabilities	6 479 548	-
Sub-total	<u>216 905 770</u>	<u>218 672 802</u>
Less: Current Portion transferred to Current Liabilities:-	12 680 140	8 238 168
Annuity Loans	9 252 011	8 238 168
Finance Lease Liabilities	<u>3 428 129</u>	<u>-</u>
Total Long-term Liabilities	<u>204 225 630</u>	<u>210 434 634</u>

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

R24,000,000 of the Debtors book as well as an investment of R20,973,203 with Standard Bank have been ceded as security on two loans with the DBSA.

18.1 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2018 R	2017 R	2018 R	2017 R
Amounts payable under finance leases:				
Within one year	3 576 392	-	3 428 129	-
In the second to fifth years, inclusive	<u>3 760 574</u>	<u>-</u>	<u>3 051 419</u>	<u>-</u>
	7 336 966	-	6 479 548	-
Less: Future Finance Obligations	-	-	-	-
Present Value of Minimum Lease Obligations	<u>7 336 966</u>	<u>-</u>	<u>6 479 548</u>	<u>-</u>
Less: Amounts due for settlement within 12 months (Current Portion)			3 428 129	-
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			<u>3 051 419</u>	<u>-</u>

The municipality has finance lease agreements for the following significant classes of assets:

- Software Licenses

19. EMPLOYEE BENEFIT LIABILITIES

Long Service Awards	13 337 673	14 043 746
Ex-Gratia Arrangements	1 059 840	1 634 168
Post-retirement Health Care Benefits Liability	<u>222 417 689</u>	<u>200 596 651</u>
Total Non-current Provisions	<u>236 815 202</u>	<u>216 274 565</u>
The movement in Employee Benefit Liabilities are reconciled as follows:		
19.1 Post-retirement Health Care Benefits Liability		
Balance at beginning of Year	207 603 912	224 747 155
Contributions to Provision	(7 007 261)	(6 298 572)
Expenditure incurred	27 616 340	30 554 474
Actuarial loss/(gain)	<u>1 898 657</u>	<u>(41 399 145)</u>
Wholly unfunded balance at year end	230 111 648	207 603 912
Transfer to Current Provisions	<u>(7 693 959)</u>	<u>(7 007 261)</u>
Total Post-retirement Health Care Benefits Liability	<u>222 417 689</u>	<u>200 596 651</u>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by C Weiss, Fellow member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service (employee) members	1 267	1 281
In-service (employee) non-members	128	123
Continuation Members (retirees and widowers)	<u>213</u>	<u>208</u>
Total Members	<u>1 608</u>	<u>1 612</u>

The liability in respect of past service has been estimated as follows:

In-service Members	146 135 781	130 997 809
In-service Non-members	4 236 045	3 393 129
Continuation Members	<u>79 739 822</u>	<u>73 212 974</u>
Total Liability	<u>230 111 648</u>	<u>207 603 912</u>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Key Health
- LA Health
- Samwumed

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R			
19. EMPLOYEE BENEFIT LIABILITIES (Continued)					
The principal assumptions used for the purposes of the actuarial valuations were as follows:					
Discount Rate	9.60%	9.20%			
Health Care Cost Inflation Rate	7.42%	7.52%			
Net Effective Discount Rate	2.03%	1.56%			
Expected Rate of Salary Increase (ERSI)	3.46%	3.51%			
Expected Retirement Age - Females	63	63			
Expected Retirement Age - Males	63	63			
Movements in the present value of the Defined Benefit Obligation were as follows:					
Balance at the beginning of the year	207 603 912	224 747 155			
Current service costs	8 828 614	10 531 193			
Interest cost	18 787 726	20 023 281			
Benefits paid	(7 007 261)	(6 298 572)			
Actuarial loss/(gain)	1 898 657	(41 399 145)			
Present Value of Fund Obligation at the end of the Year	<u>230 111 648</u>	<u>207 603 912</u>			
Total Recognised Benefit Liability	<u>230 111 648</u>	<u>207 603 912</u>			
The amounts recognised in the Statement of Financial Position are as follows:					
Present value of fund obligations	<u>230 111 648</u>	<u>207 603 912</u>			
Total Benefit Liability	<u>230 111 648</u>	<u>207 603 912</u>			
The amounts recognised in the Statement of Financial Performance are as follows:					
Current service cost	8 828 614	10 531 193			
Interest cost	18 787 726	20 023 281			
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	<u>27 616 340</u>	<u>30 554 474</u>			
The history of experienced adjustments is as follows:					
	2018 R	2017 R	2016 R	2015 R	2014 R
Present Value of Defined Benefit Obligation	<u>230 111 648</u>	<u>207 603 912</u>	<u>224 747 155</u>	<u>174 409 000</u>	<u>190 117 066</u>
Deficit	<u>230 111 648</u>	<u>207 603 912</u>	<u>224 747 155</u>	<u>174 409 000</u>	<u>190 117 066</u>
	2018 R	2017 R			
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:					
Increase:					
Effect on the aggregate of the current service cost and the interest cost	28 868 900	31 685 300			
Effect on the defined benefit obligation	232 412 764	209 679 951			
Decrease:					
Effect on the aggregate of the current service cost and the interest cost	25 852 500	30 248 929			
Effect on the defined benefit obligation	227 810 532	205 527 873			
Refer to Note 49 "Multi-employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.					

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
19. EMPLOYEE BENEFIT LIABILITIES (Continued)		
19.2 Ex-Gratia Arrangements		
Balance at beginning of year	1 634 168	1 491 443
Current service cost	-	-
Interest cost	99 156	97 241
Expenditure incurred / Contribution	(821 843)	(23 267)
Actuarial Loss / (Gain)	148 359	68 751
	<u>1 059 840</u>	<u>1 634 168</u>
Transfer to current provisions	-	-
Balance at end of year	<u>1 059 840</u>	<u>1 634 168</u>

Ex-gratia pensions are pensions that are paid by the Municipality from its revenue i.e. they are not funded or paid from one of the Municipality's pension arrangements. Provision has therefore not been made in this valuation for the possibility that future employees might be entitled to these annuities.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by C Weiss, Fellow member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end there were 25 remaining employees eligible for Ex-gratia arrangement awards.

The interest costs for the year is estimated to be:

	99 156	97 241
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The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	8.11%	7.86%
Net Effective Discount Rate	2.08%	2.07%
Expected Rate of Salary Increase	5.91%	5.67%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	1 634 168	1 491 443
Expenditure incurred / Contribution	(821 843)	(23 267)
Present Value of Fund Obligation at the end of the Year	<u>1 059 840</u>	<u>1 634 168</u>
Total Recognised Benefit Liability	<u>1 059 840</u>	<u>1 634 168</u>

The amounts recognised in the Statement of Financial Performance are as follows:

Interest cost	99 156	97 241
Actuarial loss	148 359	68 751
Total Post-retirement Benefit included in Employee Related Costs	<u>247 515</u>	<u>165 992</u>

The history of experienced adjustments is as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Present Value of Defined Benefit Obligation	1 059 840	1 634 168	1 491 443	907 000	835 000
Deficit	<u>1 059 840</u>	<u>1 634 168</u>	<u>1 491 443</u>	<u>907 000</u>	<u>835 000</u>

	2018 R	2017 R
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The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:

Effect on the aggregate of the interest cost	108 844	69 000
Effect on the defined benefit obligation	1 087 833	866 000

Decrease:

Effect on the aggregate of the interest cost	88 936	64 000
Effect on the defined benefit obligation	1 033 094	806 000

19.3 Long Service Awards

Balance at beginning of year	16 543 810	18 179 623
Current service cost	1 662 789	2 138 866
Interest cost	1 244 907	1 415 998
Expenditure incurred / Contribution	(2 500 064)	(2 396 929)
Actuarial Loss / (Gain)	178 908	(2 793 748)
	<u>17 130 350</u>	<u>16 543 810</u>
Transfer to current provisions	(3 792 677)	(2 500 064)
Balance at end of year	<u>13 337 673</u>	<u>14 043 746</u>

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

19. EMPLOYEE BENEFIT LIABILITIES (Continued)

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality may become entitled to in future, based on an actuarial valuation performed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by C Weiss, Fellow member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end 1,404 employees were eligible for Long-service Awards.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	8.14%	8.13%
Cost Inflation Rate	5.85%	5.94%
Net Effective Discount Rate	2.16%	2.06%
Expected Rate of Salary Increase	5.85%	7.00%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	16 543 810	18 179 623
Current service costs	1 662 789	2 138 866
Interest cost	1 244 907	1 415 998
Benefits paid	(2 500 064)	(2 396 929)
Actuarial loss / (gains)	178 908	(2 793 748)
Present Value of Fund Obligation at the end of the Year	17 130 350	16 543 810
Total Recognised Benefit Liability	17 130 350	16 543 810

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	17 130 350	16 543 810
Total Benefit Liability	17 130 350	16 543 810

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	1 662 789	2 138 866
Interest cost	1 244 907	1 415 998
Benefits paid	(2 500 064)	(2 396 929)
Actuarial loss / (gains)	178 908	(2 793 748)
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	586 540	(1 635 813)

The history of experienced adjustments is as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Obligation	17 130 350	16 543 810	18 179 623	18 233 000	16 904 000
Deficit	17 130 350	16 543 810	18 179 623	18 233 000	16 904 000
				2018 R	2017 R

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	2 873 600	3 050 000
Effect on the defined benefit obligation	16 499 000	17 223 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	2 808 500	2 775 200
Effect on the defined benefit obligation	17 812 000	15 907 000

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
20. NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Land-fill Sites	474 788	691 110
Total Non-current Provisions	474 788	691 110

The movement in Non-current Provisions are reconciled as follows:

20.1 Rehabilitation of Land-fill Sites

Balance at beginning of year	691 110	1 683 315
Current service cost		-
Interest cost		-
Expenditure incurred / Contribution	(216 322)	(992 206)
Actuarial Loss / (Gain)	-	-
	<u>474 788</u>	<u>691 110</u>
Transfer to current provisions		-
Balance at end of year	474 788	691 110

In terms of the licensing of the landfill refuse sites, the municipality will incur the following licensing and rehabilitation costs to restore the site at the end of its useful life, estimated to be in 2025 (provision has been made for the net present value of this cost, using the average cost of borrowing interest rate):

474 788	691 110
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An independent valuer performed the valuation. The valuer based his calculations on the rehabilitation costs incurred on a similar site in the Eastern Cape area.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Inflation Rate	4.60%	6.00%
Size of landfill site in hectares	16	16
Annual tonnage of waste deposited	72 000	72 000
Approximately 1ha per year of the landfill site is considered to be filled with no air space remaining and may be prepared for rehabilitation.		

21. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	65 117 470	92 131 484
Self-insurance Reserve	24 278 117	24 092 886
C.O.I.D. Reserve	10 970 189	10 720 710
Accumulated Surplus due to the results of Operations	<u>2 466 260 222</u>	<u>2 220 091 965</u>
Total Accumulated Surplus	2 566 625 998	2 347 037 044

The **Capital Replacement Reserve (CRR)** is a reserve to finance future capital expenditure and is fully cash backed.

The **Self-insurance Reserve** covers all internal and external insurance claims against Council. Council is externally insured for catastrophic events.

The Compensation Commissioner for Occupational Injuries and Diseases (**C.O.I.D.**) Reserve arises on the exemption from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases in terms of Section 84 of the COID Act. A fixed deposit as determined by the Commissioner was made as a security to the Self-Insurance Workman Compensation Reserve. Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

			2018 R	2017 R
22. PROPERTY RATES				
	Property Valuations		Actual Levies	
	July 2017	July 2016		
	R000's	R000's		
Residential	16 973 759	16 873 818	162 850 927	154 946 745
Business	4 782 519	4 609 862	141 763 123	125 484 655
Rural	1 973 746	1 979 455	2 459 575	2 355 142
Industrial	481 703	483 103	14 017 309	14 908 298
PSI	75 453	74 624	-	-
State	3 150 110	2 988 300	169 439 967	155 135 205
Mining Areas	73 641	71 107	13 944 320	15 666 773
Exempt	2 187 108	2 335 190	-	-
Total Assessment Rates	29 698 039	29 415 459	504 475 221	468 496 818

Valuations on land and buildings are performed every four years in terms of the Municipal property rates act (MPRA). The last general valuation came into effect on 1 July 2015. Supplementary valuations are processed when necessary to take into account changes in individual property values due to alterations, subdivisions, etc. Rates are levied on an annual basis with the final date of payment being 30 September each year. Ratepayers can apply to pay rates monthly. Assessment Rates are levied on the value of land and improvements, which valuation is performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A rebate of 55% (2016: 50%) was allowed on residential properties for pensioners based on the annual income of the ratepayer's household.

23. INTEREST EARNED	2018 R	2017 R
External Investments:		
Interest	18 700 351	21 576 378
Outstanding Debtors:		
Interest	174 794 039	130 078 100
Total Interest Earned	193 494 390	151 654 478

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Financial instruments at amortised cost	193 494 390	151 654 478
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24. SERVICE CHARGES		
Sale of Electricity	594 293 270	594 266 921
Sale of Water	235 004 496	244 296 335
Refuse Removal	46 795 838	53 563 162
Sewerage and Sanitation Charges	64 254 472	70 918 471
Total Service Charges	940 348 076	963 044 889

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

25. RENTAL OF FACILITIES AND EQUIPMENT		
Rental Revenue from Facilities and Equipment	10 566 166	10 024 738
Total Rental of Facilities and Equipment	10 566 166	10 024 738

Rental revenue earned on Facilities and Equipment is in respect of residential buildings rented out.

26. GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants		
National Equitable Share	150 981 680	144 171 000
Other Subsidies	7 599 241	8 176 342
Operational Grants	158 580 921	152 347 342
Conditional Grants	219 290 036	102 512 553
National: Financial Management Grant (FMG)	1 700 000	1 625 000
National: Municipal Infrastructure Grant (MIG)	36 699 896	37 079 000
National: Grants	169 863 474	49 005 993
National: Expanded Public Works Programme (EPWP)	4 762 000	5 574 000
Provincial: Grants	2 356 720	-
Local Government: Local Municipalities Grant	3 907 947	9 228 560
Total Government Grants and Subsidies	377 870 958	254 859 895

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
26. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
Unconditional Grants:		
26.1 National Equitable Share:	150 981 680	144 171 000
This unconditional grant is partly used to subsidise the provision of basic services to registered and verified indigent community members.		
26.2 Provincial Health Subsidies:		
Balance unspent at beginning of year	-	-
Current year receipts - included in Public Health vote	-	-
- Primary Health	-	-
Conditions met - transferred to Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
The Municipality renders health services on behalf of the Provincial Government and is refunded the gazette amount. This grant has been used exclusively for health services (included in Appendix E).		
26.3 Other Subsidies		
Balance unspent at beginning of year	-	-
Current year receipts:	7 599 241	8 176 342
- Library	7 000 000	8 006 000
- Miscellaneous	599 241	170 342
Conditions met - transferred to Revenue	(7 599 241)	(8 176 342)
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
The Municipality renders services on behalf of the Provincial Government and is refunded the gazette amount. This grant has been used exclusively to library expenditure (included in Appendix E). The conditions of the grant have been met.		
Conditional Grants:		
26.4 National: FMG		
Balance unspent at beginning of year	-	-
Current year receipts	1 700 000	1 625 000
Conditions met - transferred to Revenue: Operating Expenses	(1 700 000)	(1 625 000)
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
The Financial Management Grant is paid by National Treasury to high capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). The grant is spent in accordance with National Treasury guidelines (included in Appendix E). Not all funds have been paid.		
26.5 National: MIG		
Balance unspent at beginning of year	-	-
Current year receipts	42 503 000	37 079 000
Conditions met - transferred to Revenue: Operating Expenses	(2 037 156)	-
Conditions met - transferred to Revenue: Capital Expenses	(34 662 741)	(37 079 000)
Conditions still to be met - transferred to Liabilities (see Note 16)	5 803 104	-
This grant was used for various projects (included in Appendix E). No funds have been withheld.		
26.6 National: Grants		
Balance unspent at beginning of year	2 643 881	506 201
Current year receipts	176 526 119	51 143 672
Conditions met - transferred to Revenue: Operating Expenses	(1 492 310)	(1 562 320)
Conditions met - transferred to Revenue: Capital Expenses	(168 371 164)	(47 443 672)
Conditions still to be met - transferred to Liabilities (see Note 16)	9 306 526	2 643 881
This grant was used for various projects (included in Appendix E). No funds have been withheld.		
26.7 National - EPWP		
Balance unspent at beginning of year	-	-
Current year receipts	4 762 000	5 574 000
Conditions met - transferred to Revenue: Operating Expenses	(4 762 000)	(5 574 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
This grant was used for various projects (included in Appendix E). No funds have been withheld.		
26.8 Provincial: Grants		
Balance unspent at beginning of year	9 705 828	10 505 828
Current year receipts	588 859	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(2 356 720)	(800 000)
Conditions still to be met - transferred to Liabilities (see Note 16)	7 937 967	9 705 828
The grant is spent in accordance with business plans approved by the Provincial Government (included in Appendix E). Not all funds have been paid.		

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
26. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
26.9 Local Government - Local Municipalities		
Balance unspent at beginning of year	-	-
Current year receipts	3 907 947	9 228 560
Conditions met - transferred to Revenue: Operating Expenses	(3 907 947)	(4 228 560)
Conditions met - transferred to Revenue: Capital Expenses	-	(5 000 000)
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
The grant is spent in accordance with business plans approved by the FBD Municipality (included in Appendix E). No funds have been withheld.		
26.10 Changes in levels of Government Grants		
Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2008), government grant funding is expected to increase over the forthcoming three financial years.		
27. PUBLIC CONTRIBUTIONS AND DONATIONS		
Donations Received	4 561 345	-
Total Public Contributions and Donations	4 561 345	-
Donations received comprise of various assets that was paid for by a third party.		
28. OTHER INCOME		
Premiums received and claims recovered	4 746 611	4 521 160
Admission, Academic and transaction fees	6 304 114	6 249 711
Burial fees	1 515 018	2 001 014
Building Plan Approvals	1 560 261	1 665 122
Market Fees	3 294 844	3 241 032
Unclaimed fines, deposits and stale cheques	2 862 672	1 646 736
Various (including camping fees, advertising, etc)	4 234 539	6 852 665
Total Other Income	24 518 060	26 177 440
The amounts disclosed above for Other Income are in respect of services, other than described in Notes 22 to 26, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.		
29. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	340 348 201	321 629 967
Employee Related Costs - Contributions for UIF and Medical Aids	46 132 570	43 935 187
Employee Related Costs - Contributions for Pensions	53 611 736	51 000 500
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	114 066 442	112 116 269
Housing Benefits and Allowances	2 429 444	2 830 109
Overtime Payments	45 695 504	33 685 148
Long-service Awards	12 423 704	12 037 216
Defined Benefit Plan Expense:	32 601 601	(9 917 563)
Current Service Cost	10 491 403	12 670 059
Interest Cost	20 032 633	21 536 520
Net Actuarial loss/(gain) recognised	2 077 565	(44 124 142)
Total Employee Related Costs	647 309 202	567 316 834
Remuneration of the Municipal Manager		
Annual Remuneration	1 784 665	1 647 100
Car Allowance	157 500	150 000
Company Contributions to UIF, Medical and Pension Funds	232 110	322 969
Total	2 174 276	2 120 069
Remuneration of the Director: Finance		
Annual Remuneration	1 180 397	970 919
Car Allowance	378 263	364 956
Company Contributions to UIF, Medical and Pension Funds	236 974	183 735
Total	1 795 634	1 519 610
Remuneration of the Director: Corporate Services		
Annual Remuneration	1 140 125	1 131 555
Car Allowance	372 266	180 000
Company Contributions to UIF, Medical and Pension Funds	247 062	235 831
Total	1 759 453	1 547 386

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
29. EMPLOYEE RELATED COSTS (Continued)		
<i>Remuneration of the Director: Strategy, Economic Development and Planning</i>		
Annual Remuneration	1 185 843	954 412
Car Allowance	350 864	343 239
Company Contributions to UIF, Medical and Pension Funds	262 637	222 919
Total	1 799 344	1 520 570
<i>Remuneration of the Director: Community Services</i>		
Annual Remuneration	1 299 031	998 243
Car Allowance	222 328	361 716
Company Contributions to UIF, Medical and Pension Funds	290 656	154 950
Total	1 812 014	1 514 909
<i>Remuneration of the Director: Technical Services</i>		
Annual Remuneration	937 484	991 627
Car Allowance	302 369	339 571
Company Contributions to UIF, Medical and Pension Funds	191 727	177 122
Total	1 431 581	1 508 321
The post was vacant for a part of the year. The above amounts includes acting employees.		
The following compensation was payable to key management personnel in terms of GRAP as at 30 June:		
Staff Leave Benefits:-		
Municipal Manager	165 706	76 714
Chief Financial Officer	242 337	188 112
Director Community	24 479	24 921
Director Corporate	109 043	98 149
Director SED	149 509	127 828
Director Technical	-	-
Total	691 074	515 725
30. REMUNERATION OF COUNCILLORS		
Executive Mayor	964 971	901 706
Speaker	806 380	721 364
Councillors	17 551 039	15 596 992
Contributions to UIF, Medical and Pension Funds and other allowances	9 086 969	7 790 947
Total Councillors' Remuneration	28 409 358	25 011 009
<i>In-kind Benefits</i>		
The Councillors occupying the positions of Executive Mayor, Speaker and the Mayoral Committee serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties. Council owned vehicles are made available for official duties.		
31. DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	59 783 384	51 924 764
Amortisation: Intangible Assets	4 070 773	4 839 694
Depreciation: Investment Property	216 849	217 286
Total Depreciation and Amortisation	64 071 006	56 981 745
32. IMPAIRMENT LOSS		
<i>32.1 Impairment Loss on Financial Assets</i>		
Impairment Losses Recognised:	240 466 835	190 194 771
Trade Receivables from exchange transactions	236 340 888	175 067 386
Trade Receivables from non-exchange transactions	4 125 947	15 127 385
Total Impairment Loss	240 466 835	190 194 771
33. FINANCE COSTS		
Loans and Payables at amortised cost	26 803 179	27 789 438
Finance Leases	409 872	-
Total Interest Expense	27 213 051	27 789 438
Less: Amounts included in the Cost of qualifying Assets	-	-
Total Interest Paid on External Borrowings	27 213 051	27 789 438
34. BULK PURCHASES		
Electricity	420 967 705	422 425 501
Water	80 366 286	69 540 651
Total Bulk Purchases	501 333 991	491 966 152

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from the Department Water Affairs and Forestry.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
35. CONTRACTED SERVICES		
Audit committee	934 941	551 596
Legal and collection cost	7 626 376	6 002 673
Maintenance of Equipment and Security	11 635 994	7 017 734
Project Management	12 659 347	4 034 862
Prepaid Vendor	21 713 295	23 827 253
Other Contracted Services	1 270 425	736 377
Total Grants and Subsidies	55 840 377	42 170 495
36. GRANTS AND SUBSIDIES PAID		
Diamonds and Dorings Festival	2 730 000	2 500 000
Gariëp Festival	1 600 000	1 500 000
Other Grants	3 394 953	2 484 007
Subsidy paid to Society for Prevention of Cruelty against Animals (SPCA)	1 600 000	1 500 000
Total Grants and Subsidies	9 324 953	7 984 007
The grants to the festivals are to promote economic growth. The subsidy to the SPCA is to assist the municipality to care for stray animals and other related tasks. The subsidy is paid on an annual basis.		
37. GENERAL EXPENSES		
Repairs and Maintenance		
Hardware in Store	9 836 840	9 314 422
Stores Workshop	1 739 105	140 524
Building Maintenance	7 189 653	5 747 529
Electricity Maintenance	20 164 208	19 820 653
Fleet Maintenance	3 046 811	15 158 682
General Maintenance	16 845 721	12 073 035
Refuse Maintenance	20 801 136	8 946 113
Roads	23 896 915	19 206 679
Safety	40 807	207 653
Sewer	8 156 479	13 373 259
Streetlights	15 767 192	5 902 982
Water	28 952 639	11 856 176
Sub Total Repairs and Maintenance	156 437 507	121 747 706
Other Expenses		
Audit fees	4 930 152	3 023 231
Bank charges	2 649 336	3 126 687
Catering municipal activities	1 004 994	1 123 317
Clarification/Purification Chemicals	6 437 100	6 399 861
Cleaning material	1 665 107	1 358 458
Conferences and seminars	8 664 914	7 135 218
Course fees/Skills development levy	5 781 794	5 271 153
Discount on early payment	28 637 486	26 662 598
Fuel	11 856 777	10 440 087
Indigent relief	9 350 728	-
Interns and learner ships	2 543 647	1 455 664
Insurance and claims	5 769 187	5 515 108
Membership fees	6 899 418	6 566 311
Postage	2 775 882	2 479 014
Printing and stationary	8 005 288	8 173 279
Software licences and Computer services	3 667 610	3 048 748
Sport/Transport events	1 374 498	1 077 407
Telephone expenditure	4 051 244	4 006 599
Uniforms and Protective clothing	4 054 390	4 134 053
Vehicle licences	1 102 951	1 124 709
Vehicle tracking	598 368	839 811
Water resource management fee	2 042 250	1 952 948
Ward committee activities	3 631 180	1 612 747
Workmen's compensation insurance	1 263 623	1 289 022
Other General Expenses	6 267 105	6 455 144
Sub Total Other Expenses	135 025 027	114 271 175
Total General Expenses	291 462 534	236 018 880

The comparative figures for General Expenses have been restated to correct errors contained in the prior year Financial Statements. Refer to note 39 on Correction of Errors for details of the restatement.

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

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38. CHANGE IN ACCOUNTING POLICY

There were no changes in accounting policy during the current financial year under review.

39. CORRECTION OF ERROR

Corrections were made and appropriated to the Accumulated Surplus Account during the financial year ended 30 June.

Details of the appropriations are as follows:

Unappropriated Surplus Account:

Corrections to Debtors	(14 066)
Corrections to Creditors	(577 427)
Corrections to Expenditure	(1 491 443)
Corrections to Depreciation on Property, Plant and Equipment	11 749 514
Increase / (Decrease) in Unappropriated Surplus Account	9 666 578
Increase / (Decrease) in Accumulated Surplus Account	9 666 578

39.1 Restatement of Revenue:

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality. Refer to note 39.8 for further details regarding the nature of these errors and how it was rectified.

The effect of the Correction of Error is as follows:

	2017 Revenue	2017 Correction	Restated Amount
Government Grants and Subsidies Received	253 447 128	1 412 767	254 859 895
Other Income	25 958 133	219 307	26 177 440
	279 405 261	1 632 074	281 037 336

39.2 Restatement of Expenditure:

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality. Refer to note 39.6 and 39.9 for further details regarding the nature of these errors and how it was rectified.

The effect of the Correction of Error is as follows:

	2017 Expenditure	2017 Correction	Restated Amount
Employee Related Costs	566 597 417	719 418	567 316 834
Depreciation and Amortisation	58 707 853	(1 726 108)	56 981 745
	903 494 644	(1 006 690)	902 487 954

39.3 Restatement of Statement of Financial Position:

The prior year balances of items on the Statement of Financial Position have been restated to correctly classify the nature of the balances.

The effect of the Correction of Error is as follows:

	2017 Fin Position	2017 Correction	Restated Amount
Accumulated Surplus	2 334 731 702	12 305 343	2 347 037 044
Payables from Exchange Transactions	156 772 329	933 656	157 705 985
Property, Plant and Equipment	1 483 689 913	(12 581 218)	1 471 108 695
Trade Receivables from Exchange Transactions	439 774 394	268 742 463	708 516 857
Trade Receivables from Non-Exchange Transactions	627 001 707	(267 344 920)	359 656 787

39.4 Restatement of Non-current Liabilities:

Included in the prior year's restated non-current Liabilities were amounts in respect of ex-gratia and the landfill site that were incorrectly stated.

The effect of the Correction of Error is as follows:

	Non-current Liabilities
Balances as per AFS previously published for 2016/2017	451 822 983
Restatement of Non-current Liabilities	(24 422 674)
Balances as per current AFS published for 2016/2017	427 400 309

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

39. CORRECTION OF ERROR (Continued)

39.5 Restatement of Current Liabilities:

Included in the prior year's restated payables from exchange balance is an amount in respect of employees receiving a backpay correction retrospectively.

The effect of the Correction of Error is as follows:

	Payables from Exchange Transactions
Balances as per AFS previously published for 2016/2017	156 772 329
Restatement of Current Liabilities	933 656
Balances as per current AFS published for 2016/2017	157 705 985

39.6 Restatement of Non-Current Assets

The prior year figure for Property, Plant and Equipment(PPE) had to be corrected as a result of a change in the useful life of the landfill site. This correction was done retrospectively and impacted on PPE and the Surplus Account. This oversight has been rectified and the restated figure is reflected below.

The effect of the Correction of Error is as follows:

	Property, Plant and Equipment
Balances as per AFS previously published for 2016/2017	1 483 689 913
Restatement of non-current assets	(12 581 218)
Balances as per current AFS published for 2016/2017	1 471 108 695

39.7 Restatement of Depreciation:

No restatement was needed for Depreciation.

39.8 Adjustment of Revenue:

Included in the restated prior year figures for Other Income (refer to Note 28) is various unknown deposits which has now been classified as revenue. Included in the restated prior year figures for Grants is a payment from FBDM received in the current year.

The effect of the Correction of Error is as follows:

	Government Grants and Subsidies	Other Income
Balances as per AFS previously published for 2016/2017	253 447 128	25 958 133
Adjustment of prior period revenue	1 412 767	219 307
Balances as per current AFS published for 2016/2017	254 859 895	26 177 440

39.9 Adjustment of Expenses:

The prior year figure for Employee related expenditure and Depreciation were adjusted after corrections were identified. The relevant expenditure categories and the Surplus Account were corrected. The restated figure is reflected below.

The effect of the Correction of Error is as follows:

	Employee Related Costs	Depreciation and Amortisation
Balances as per AFS previously published for 2016/2017	566 597 417	58 707 853
Adjustment of prior period expenses	719 418	(1 726 108)
Balances as per current AFS published for 2016/2017	567 316 834	56 981 745

39.10 Restatement of Current Assets

Included in the prior year's restated balance for Current Assets are restated balances for Trade Receivables from Non Exchange Transactions. A Debtor was created for Frances Baard Municipality that was incorrectly omitted previously. The effect on Accumulated Surplus and on Current Assets is reflected below.

The effect of the Correction of Error is as follows:

	Current Assets
Balances as per AFS previously published for 2016/2017	1 333 579 585
Adjustment for prior period error	1 397 543
Balances as per current AFS published for 2016/2017	1 334 977 128

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
40. CHANGE IN ACCOUNTING ESTIMATES		
No changes were made to existing accounting estimates during the current financial year that could potentially have a material impact on the Annual Financial Statements.		
41. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	219 588 954	257 612 890
Adjustment for:		
Adjusting non cash flow items prior errors	2 591 558	28 070 576
Depreciation and Amortisation	64 071 006	56 981 745
Contribution to Impairment Provision	217 819 497	192 872 291
Bad Debts Recovered	-	-
Bad Debts Written-off	(357 859 475)	(34 409 273)
Investment Income	(193 494 390)	(151 654 478)
Finance Costs	27 213 051	27 789 438
Operating surplus before working capital changes	(20 069 800)	377 263 188
(Increase)/Decrease in Inventories	(4 231 026)	720 418
(Increase)/Decrease in Trade Receivables from Exchange Transactions	5 684 359	(267 255 051)
(Increase)/Decrease in Trade Receivables from Non-Exchange Transactions	(65 492 573)	(104 373 036)
(Increase)/Decrease in VAT Receivable	(24 748 438)	2 031 545
(Increase)/Decrease in Operating Lease Assets	-	34 999
Increase/(Decrease) in Consumer Deposits	6 158 685	1 215 041
Increase/(Decrease) in Creditors	4 092 579	(3 566 270)
Increase/(Decrease) in Conditional Grants and Receipts	10 697 888	1 337 680
(increase)/Decrease in provisions	22 303 626	(44 078 076)
Increase/(Decrease) in VAT Payable	6 634 674	7 984 395
Cash generated by / (utilised in) Operations	(58 970 026)	(28 685 167)
Income for the year	2 088 029 057	1 906 608 201
Adjustment for:-		
Investment income	(193 494 390)	(151 654 478)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	5 684 359	(267 255 051)
Bad Debts Written-off	(357 859 475)	(34 409 273)
(Increase)/Decrease in Operating Lease Assets	-	34 999
Increase/(Decrease) in Consumer Deposits	6 158 685	1 215 041
(Increase)/Decrease in Trade Receivables from Non-Exchange Transactions	(65 492 573)	(104 373 036)
(Decrease)/increase in conditional grants and receipts	10 697 888	1 337 680
Cash receipts from ratepayers, government and other	1 493 723 550	1 351 504 083
Grants received	(377 870 958)	(254 859 895)
Sale of goods and services	1 115 852 593	1 096 644 188
Expenditure for the year	1 868 440 103	1 648 995 311
Adjustment for:-		
Depreciation	64 071 006	56 981 745
Contribution to bad debt provision	217 819 497	192 872 291
Adjusting non cash flow items prior errors	2 591 558	28 070 576
Interest paid	27 213 051	27 789 438
Operating expenditure before working capital changes:	1 556 744 992	1 343 281 262
(Increase)/Decrease in inventories	(4 231 026)	720 418
(Decrease)/Increase in creditors	4 092 579	(3 566 270)
(increase)/Decrease in provisions	22 303 626	(44 078 076)
(decrease)/Increase in VAT	(18 113 764)	10 015 940
Cash paid to suppliers and employees	1 552 693 576	1 380 189 250
Employee Costs	647 309 202	567 316 834
Suppliers paid	905 384 375	812 872 415
Cash generated by/(utilized in) operations	(58 970 026)	(28 685 167)
42. NON-CASH INVESTING AND FINANCING TRANSACTIONS		
The municipality did not enter into any Non-cash Investing and Financing Transactions during the financial year under review.		
43. FINANCING FACILITIES		
Unsecured Bank Overdraft Facility payable at call:		
- Amount used	-	-
- Amount unused	-	-

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
44. LONG-TERM LIABILITIES		
Long-term Liabilities (See Note 18)	216 905 770	218 672 802
Long-term Liabilities have been utilised in accordance with section 46 of the Municipal Finance Management Act. See detail information in Appendix A.		

45. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

45.1 Unauthorised Expenditure

To management's best of knowledge the following Unauthorised Expenditure was incurred during the year under review.

	2018 R	2017 R	2016 R
Reconciliation of Unauthorised Expenditure:			
Opening balance	-	-	-
Unauthorised Expenditure current year	38 602 495	-	10 329 679
Approved by Council	-	-	(10 329 679)
Unauthorised Expenditure awaiting authorisation	<u>38 602 495</u>	<u>-</u>	<u>-</u>

45.2 Fruitless and Wasteful Expenditure

	2018 R	2017 R
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	1 392 707	1 542 706
Fruitless and Wasteful Expenditure current year	-	70 141
Written off by Council	<u>(1 392 707)</u>	<u>(220 141)</u>
Fruitless and Wasteful Expenditure awaiting condonement	<u>-</u>	<u>1 392 707</u>

45.3 Irregular Expenditure

	2018 R	2017 R	2016 R
Reconciliation of Irregular Expenditure:			
Opening balance	-	13 448 957	212 719 245
Irregular Expenditure current year	6 486 905	2 795 094	40 404 352
Irregular Expenditure correction	-	-	27 114 548
Written off by Council or ratified by Accounting Officer	-	(16 244 051)	(266 789 188)
Irregular Expenditure awaiting condonement	<u>6 486 905</u>	<u>-</u>	<u>13 448 957</u>

Incident	Amount	Causes
Non compliance with SCM regulations	6 486 905	Awards were made to suppliers in contravention of the Supply Chain Management Regulations

The nature of the above irregular expenditure have been disclosed, the extent is still under investigation.

46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE

	2018 R	2017 R
46.1 Contributions to organised local government - SALGA		
Opening Balance	-	-
Council Subscriptions	6 832 840	6 496 561
Amount Paid - current year	<u>(6 832 840)</u>	<u>(6 496 561)</u>
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	2018 R	2017 R
46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)		
46.2 Audit Fees		
Opening Balance	-	-
Current year Audit Fee	4 930 152	3 023 231
Amount Paid - current year	(4 930 152)	(3 023 231)
Balance Unpaid (included in Creditors)	-	-
46.3 VAT		
VAT inputs receivables and VAT outputs receivables are shown in Note 8 and 17. All VAT returns have been submitted by the due date throughout the year.		
46.4 PAYE and UIF		
Opening Balance	-	-
Current year Payroll Deductions	94 081 489	75 638 755
Amount Paid - current year	(94 081 489)	(75 638 755)
Balance Unpaid (included in Creditors)	-	-
46.5 Pension and Medical Aid Deductions		
Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	148 368 274	140 121 681
Amount Paid - current year	(148 368 274)	(140 121 681)
Balance Unpaid (included in Creditors)	-	-
46.6 Councillor's arrear Consumer Accounts		
The following Councillors had arrear accounts outstanding for more than 90 days as at:		
30 June 2018	Total	<div>Outstanding up to 90 days</div> <div>Outstanding more than 90 days</div>
Morwe RT	55 700	1 35954 341
Stout BJ	17 714	1 34116 373
Thabane MP	22 138	2 10820 030
Moshweu MM	8 285	1 9456 340
Mpanza TH	40 041	1 54838 493
Visagie L	38 592	2 44236 151
Pieterse LHS	40 215	4 08236 134
Badenhorst EL	77 899	4 54773 352
Steenkamp DL	41 636	2 81438 822
Hammer N	886	406480
Buda HU	1 216	1 058158
Francis BP	20 608	2 44018 168
Petroro GI	19 414	1 90017 514
Shushu LN	4 024	1 2512 773
Tshite BP	1 522	584938
Mohapi PM	34 967	2 03032 937
Meleng LP	64 868	2 14562 723
Griqua SH	62 792	4 16358 629
Phiri KC	31 905	1 86830 037
Mokae OJ	24 796	2 56022 236
Pholoholo IM	50 104	88649 217
Qonga TY	21 281	2 11019 171
Maditse ND	2 263	1 0731 190
Kika SN	134 352	7 367126 985
Matshedisho OE	1 229	807422
Meintjies M	2 870	1 3701 500
Doyle MS	113 908	4 948108 960
Kruger F	5 900	1 6934 207
Total Councillor Arrear Consumer Accounts	941 126	62 845878 280

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)

30 June 2017	Total	Outstanding up to 90 days	Outstanding more than 90 days
Kika SN	120 506	7 138	113 368
Thabane MP	22 053	3 892	18 161
Doyle MS	115 653	4 704	110 949
Francis BP	27 533	2 662	24 871
Meintjies M	1 500	-	1 500
Niemann E	23 801	4 907	18 894
Total Councillor Arrear Consumer Accounts	311 768	24 025	287 744

46.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at the reporting date.

46.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council. The Municipality has deviated from the procurement policy, the details of which were reported to council (refer to appendix F).

46.9 Material losses

In terms of section 125(d)(i) of the Municipal Finance Management Act disclosure regarding water losses as a result of various factors for example burst pipes and stand pipes not metered is 53.24%, 17 584 068 kl (2017: 50.56%, 15 898 386 kl) is disclosed to the amount of:

2018 R	2017 R
42 787 571	35 162 509

In terms of section 125(d)(i) of the Municipal Finance Management Act disclosure regarding electricity losses as a result of various factors are 13.24%, 65 255 183 kWh (2017: 24.54%, 123 614 485 kWh) is disclosed to the amount of:

55 721 376	103 673 290
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47. COMMITMENTS FOR EXPENDITURE

47.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Infrastructure

56 140 905	67 472 022
56 140 905	67 472 022

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

48. FINANCIAL INSTRUMENTS		2018 R	2017 R
48.1 Classification			
FINANCIAL ASSETS:			
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:			
	<u>Financial Assets</u>	<u>Classification</u>	
Trade receivables from exchange transactions			
Electricity	Amortised cost	136 495 750	89 803 369
Refuse	Amortised cost	58 788 925	41 249 163
Sewerage	Amortised cost	71 258 215	52 212 659
Water	Amortised cost	244 842 830	192 634 225
Miscellaneous	Amortised cost	297 002 330	319 339 300
Market	Amortised cost	581 319	487 631
Housing Debtors	Amortised cost	20 963 207	18 923 857
Trade receivables from non exchange transactions			
Assessment Rates	Amortised cost	621 094 558	558 161 692
Government Subsidy Claims	Amortised cost	55 923 389	58 595 814
Miscellaneous debtors	Amortised cost	1 190 492	7 260 048
Traffic Fines	Amortised cost	12 908 706	5 732 965
Bank, Cash and Cash Equivalents			
Bank	Amortised cost		24 629 446
Call Deposits	Amortised cost	34 950 000	87 950 000
Notice Deposits	Amortised cost	59 028 197	113 965 838
Cash Floats and Advances	Amortised cost	16 120	16 120
Operating Lease Assets			
Operating Lease Assets / Receivables	Amortised cost	-	-
		1 615 044 039	1 570 962 126
SUMMARY OF FINANCIAL ASSETS			
Amortised cost			
Short-term Investment Deposits	Notice Deposits	59 028 197	113 965 838
Trade receivables from non-exchange transactions	Assessment Rates	621 094 558	558 161 692
Trade receivables from exchange transactions	Electricity	136 495 750	89 803 369
Trade receivables from exchange transactions	Refuse	58 788 925	41 249 163
Trade receivables from exchange transactions	Sewerage	71 258 215	52 212 659
Trade receivables from exchange transactions	Water	244 842 830	192 634 225
Trade receivables from exchange transactions	Miscellaneous	297 002 330	319 339 300
Trade receivables from exchange transactions	Market	581 319	487 631
Trade receivables from exchange transactions	Housing Debtors	20 963 207	18 923 857
Trade receivables from non-exchange transactions	Government Subsidy Claims	55 923 389	58 595 814
Trade receivables from non-exchange transactions	Miscellaneous debtors	1 190 492	7 260 048
Trade receivables from non-exchange transactions	Traffic Fines	12 908 706	5 732 965
Operating Lease Assets	Operating Lease Assets / Receivables	-	-
Bank Balances and Cash	Cash Floats and Advances	16 120	24 645 566
Short-term Investment Deposits	Call Deposits	34 950 000	87 950 000
Total Financial Assets		1 615 044 039	1 570 962 126
FINANCIAL LIABILITIES:			
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:			
	<u>Financial Liabilities</u>	<u>Classification</u>	
Long-term Liabilities			
Annuity Loans	Amortised cost	201 174 211	210 434 634
Consumer Deposits			
Electricity and Water	Amortised cost	32 340 693	26 182 008
Creditors			
Trade Creditors	Amortised cost	97 957 515	96 271 937
Other Creditors	Amortised cost	1 490 098	1 256 734
Payments received in Advance	Amortised cost	14 151 190	16 414 735
Staff Bonuses	Amortised cost	10 877 779	10 270 236
Accrued leave	Amortised cost	37 321 982	33 492 342
Unspent Conditional Grants and Receipts			
Conditional Grants from Government	Amortised cost	23 047 597	12 349 709
Bank Overdraft			
Bank Balance	Amortised cost	14 813 842	
Current Portion of Long-term Liabilities			
Annuity Loans	Amortised cost	9 252 011	8 238 168
		442 426 918	414 910 504
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Annuity Loans	201 174 211	210 434 634
Consumer Deposits	Electricity and Water	32 340 693	26 182 008
Payables from exchange transactions	Trade Creditors	97 957 515	96 271 937
Payables from exchange transactions	Other Creditors	1 490 098	1 256 734
Unspent Conditional Grants and Receipts	Conditional Grants from Government	23 047 597	12 349 709
Bank Overdraft	Bank Overdraft	14 813 842	
Current Portion of Long-term Liabilities	Annuity Loans	9 252 011	8 238 168
Payables from exchange transactions	Payments received in Advance	14 151 190	16 414 735
Payables from exchange transactions	Staff Bonuses	10 877 779	10 270 236
Payables from exchange transactions	Accrued leave	37 321 982	33 492 342
Total Financial Liabilities		442 426 918	414 910 504

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

48. FINANCIAL INSTRUMENTS (Continued)

48.2 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 18, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 6 and the Statement of Changes in Net Assets.

Gearing Ratio

The gearing ratio at the year-end was as follows:

	2018 R	2017 R
Net Debt	442 426 918	414 910 504
Equity	<u>2 566 625 998</u>	<u>2 347 037 044</u>
Net debt to equity ratio	17.24%	17.68%

Debt is defined as Long term Liabilities, as detailed in the notes.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Position.

48.3 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes. Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function. Further quantitative disclosures are included throughout these financial statements.

48.4 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset and Financial Liability are disclosed in the Accounting Policies to the Annual Financial Statements.

48.5 Liquidity Risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Municipality's reputation.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

48.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 48.6 below). No formal policy exists to hedge volatilities in the interest rate market. There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

48.6.1 Foreign Currency Risk Management

The municipality has very limited exposure to the financial risks of foreign currency.

48.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, trade receivables, cash and cash equivalents, and loan payables.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

2018
R

2017
R

48. FINANCIAL INSTRUMENTS (Continued)

Interest Rate Sensitivity Analysis

The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

SENSITIVITY ANALYSIS - INTEREST RATE

Effect of a change in interest rate on interest bearing financial assets and liabilities

<u>Financial Assets</u>	<u>Classification</u>		
<u>External investments:</u>			
Call Deposits	Amortised cost	34 950 000	87 950 000
Notice Deposits	Amortised cost	59 028 197	113 965 838
		108 792 039	201 915 838

Interest received

Interest Earned - External Investments	18 700 351	21 576 378
Interest rate	17%	11%

Effect of a change in interest rate on interest earned from external investments:

Effect of change in interest rate	%	16%	10%
Effect of change in interest rate	Rand value	17 612 431	19 557 219
Effect of change in interest rate	%	18%	12%
Effect of change in interest rate	Rand value	19 788 272	23 595 536

Outstanding debtors:

Trade receivables from exchange transactions	Amortised cost	829 932 576	714 650 203
Trade receivables from non-exchange transactions	Amortised cost	678 208 440	624 017 554
		1 508 141 016	1 338 667 757

Interest received

Interest Earned - Outstanding Debtors	174 794 039	130 078 100
Interest rate	12%	10%

Effect of a change in interest rate on interest earned from outstanding debtors

Effect of change in interest rate	%	11%	9%
Effect of change in interest rate	Rand value	159 712 628	116 691 423
Effect of change in interest rate	%	13%	11%
Effect of change in interest rate	Rand value	189 875 449	143 464 778

Financial Liabilities

<u>Long-term Liabilities</u>	<u>Classification</u>		
Annuity Loans	Amortised cost	201 174 211	210 434 634
Annuity Loans - current portion	Amortised cost	9 252 011	8 238 168
		210 426 223	218 672 802

Interest paid

Long-term Liabilities	27 213 051	27 789 438
Interest rate %	13%	13%

Effect of a change in interest rate on interest paid on long-term liabilities

Effect of change in interest rate	%	12%	12%
Effect of change in interest rate	Rand value	25 108 788	25 602 710
Effect of change in interest rate	%	14%	14%
Effect of change in interest rate	Rand value	29 317 313	29 976 166

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

48. FINANCIAL INSTRUMENTS (Continued)

48.7 Effective Interest Rates and Repricing Analysis

In accordance with GRAP 104.116 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2018

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
FIXED RATE INSTRUMENTS							
Bank Facilities		210 426 223	-	-	2 663 765	-	207 762 457
Loan No 101452 : DBSA	10.91%	2 663 765			2 663 765		
Loan No 102855/1 : DBSA	12.61%	14 352 346					14 352 346
Loan No 102855/3 : DBSA	6.75%	2 325 866					2 325 866
Loan No 103958/2 : DBSA	12.445%	191 084 245					191 084 245
Total Fixed Rate Instruments		210 426 223	-	-	2 663 765	-	207 762 457
VARIABLE RATE INSTRUMENTS							
Short-term Investment Deposits		93 978 197	34 950 000	59 028 197			
Bank Balances and Cash		16 120	16 120				
Housing guarantees		-					-
Total Variable Rate Instruments		93 994 317	34 966 120	59 028 197	-	-	-

30 June 2017

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
FIXED RATE INSTRUMENTS							
Bank Facilities		218 672 802	-	-	-	4 218 018	214 454 784
Loan No 101452 : DBSA	10.91%	4 218 018				4 218 018	
Loan No 102855/1 : DBSA	12.61%	14 985 546					14 985 546
Loan No 102855/3 : DBSA	6.75%	2 664 886					2 664 886
Loan No 103958/2 : DBSA	12.445%	196 804 352					196 804 352
Total Fixed Rate Instruments		218 672 802	-	-	-	4 218 018	214 454 784
VARIABLE RATE INSTRUMENTS							
Short-term Investment Deposits		201 915 838	87 950 000	113 965 838			
Bank Balances and Cash		16 120	16 120				
Housing guarantees		13 994					13 994
Total Variable Rate Instruments		201 945 952	87 966 120	113 965 838	-	-	13 994

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

48.8 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

48.9 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows. Included in the note is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts. The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

30 June 2018

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
Non-interest Bearing							
- Consumer Deposits		32 340 693					32 340 693
- Creditors		161 798 563	161 798 563				
- Unspent Conditional Grants		23 047 597		23 047 597			
Fixed Interest Rate Instruments							
Loan No 101452 : DBSA	10.91%	2 961 150	987 050	987 050	987 050		
Loan No 102855/1 : DBSA	12.61%	26 301 361	1 252 446	1 252 446	2 504 892	7 514 675	13 776 903
Loan No 102855/3 : DBSA	6.75%	3 080 549	256 712	256 712	513 425	1 540 275	513 425
Loan No 103958/2 : DBSA	12.45%	390 379 782	15 014 607	15 014 607	30 029 214	90 087 642	240 233 712
Total		647 246 661	179 309 378	44 134 805	34 034 580	102 903 165	286 864 733

30 June 2017

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
Non-interest Bearing							
- Consumer Deposits		26 182 008					26 182 008
- Creditors		157 705 985	157 705 985				
- Unspent Conditional Grants		12 349 709		12 349 709			
Fixed Interest Rate Instruments							
Loan No 101452 : DBSA	10.91%	4 935 254	987 050	987 050	1 974 100	987 054	
Loan No 102855/1 : DBSA	12.61%	28 806 253	1 252 446	1 252 446	2 504 892	7 514 675	16 281 795
Loan No 102855/3 : DBSA	6.75%	4 107 399	256 712	256 712	513 425	1 540 275	1 540 275
Loan No 103958/2 : DBSA	12.45%	420 408 996	15 014 607	15 014 607	30 029 214	90 087 642	270 262 926
Total		654 495 603	175 216 800	29 860 524	35 021 630	100 129 645	314 267 004

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

48. FINANCIAL INSTRUMENTS (Continued)

48.10 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. On going credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment. In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The Municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counter parties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists.

Counterparty and Location	30 June 2018 Gross Amount R	30 June 2017 Gross Amount R
Department of Public Works	591 357 032	465 849 624
Kimberley Cold Storage PTY	37 086 745	23 336 042
GW Rugby Union	10 789 356	9 057 656
Northern Cape Provincial Leg	9 301 205	
Wide Dimension Trading 7 BK		7 226 601
De Beers Consolidated Mines	47 628 709	48 232 695

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:	2018 R	2017 R
Fixed Deposit Investments	93 978 197	201 915 838
Finance Lease Receivables	2 599 685	2 543 280
Consumer Debtors	829 932 576	714 650 203
Other Debtors	445 573 876	361 008 057
Bank, Cash and Cash Equivalents	16 120	16 120
Housing Guarantees	-	13 994
Maximum Credit and Interest Risk Exposure	1 372 100 454	1 280 147 492

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

48. FINANCIAL INSTRUMENTS (Continued)

The major concentrations of credit risk that arise from the Municipality's receivables in relation to customer classification are as follows:

The maximum credit and interest risk exposure in respect of the relevant customer classification is as follows:	2018 R	2017 R
Households	610 314 390	580 115 721
Industrial/commercial	191 728 335	142 921 359
National and provincial government	473 463 727	352 621 179
Maximum Consumer Risk Exposure	1 275 506 452	1 075 658 260

49. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

Employees and Councillors belong to a variety of approved Pension and Provident Funds as described below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

All Retirement Funds are defined contribution plans. All the funds are multi-employer plans.

The total expense recognised in the Statement of Financial Performance represents contributions paid to these plans by the municipality at rates specified in the rules of the plans. These following contributions have been expensed:

53 611 736 51 000 500

None of the below mentioned Funds are State Plans.

Municipal Councillors Pension Fund:

The actuarial valuator of the Pension Fund for councillors stated that the Fund has a funding level of 99.5% as at 30 June 2012 and is therefore technically not financially sound. They regard the deficit of R6.4m as relatively insignificant in the context of the Fund and there a possible reverse of SARS penalties of R10.3m that will result in the Fund being fully funded.

LA Retirement Fund/Cape Joint Pension Fund:

The statutory valuation performed as at 30 June 2016 revealed a funding level of 103.5% for the Pensioner Account and the Defined Contribution Section was 100% funded.

Consolidated Retirement Fund:

The valuator stated that Cape Retirement Fund is in a sound financial condition as at 30 June 2017.

The Cape Retirement Fund operates as a defined contribution scheme. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund has a funding level of 100%(30 June 2016: 100%) for the Preservation Pensions account and 118%(30 June 2015: 112.1%) for the Pension Account at 30 June 2016. The contribution rate paid by the members (9%) and Municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future.

SALA Pension Fund:

At the valuation date of 1 July 2015 the SALA pension fund was 100% (1 July 2014: 100%) funded. The valuator indicated that the decrease in the solvency reserve was a change to the methods used to calculate the liabilities. The Fund therefore remained financially sound since the previous valuation.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

49. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION (Continued)

Municipal Employees Pension Fund:

At the valuation date of 28 February 2011 the Municipal Employees Pension Fund was 107.9% (29 February 2009: 102.2%) funded. The valuator stated that the fund was in a sound position as at 29 February 2011, having sufficient assets to cover its obligations.

National Fund for Municipal Workers:

At the valuation date of 30 June 2015 the National Fund for Municipal Workers the Valuator stated that the assets of the fund available for benefits are sufficient to cover 100.42% of the members' liabilities and the fund was hence financially sound.

Municipal Workers Union Retirement Fund:

The Fund was formerly the South African Municipal Workers Union National Provident Fund. At the valuation date of 30 June 2017 the Fund was 100% (30 June 2014: 111.7%) funded. The valuator stated that the fund is in a sound financial position.

50. RELATED PARTY TRANSACTIONS

50.1 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses.

50.2 Services rendered to Related Parties

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

50.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

50.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 29 and 30 respectively, to the Annual Financial Statements.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

50. RELATED PARTY TRANSACTIONS (Continued)

2018
R

2017
R

50.5 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties: all these were declared in the Municipal Bidding Documents.

Name Supplier	Related Person	Municipal Capacity	Purchases for the year	Purchases for the year
Kalafo Trading	GM Phalane	Office of the Premier	289 863	-
MCD Painters	J Niehaus	NC Dept Health (wife of manager)	189 789	-
Qongo TG Trading	Mother	Nursing Sister	1 387 870	787 954
Naledi Chemicals	D De Haast	Department of Education	148 331	159 988
ASAP 1179 Trd as Meago Services	S Paulse	Librarian	307 437	142 568
Moedi Consulting Engineers	C Abrams	Dr Kenneth Kaunda D Municipality	380 840	372 028
J&B Communication	A Abbott	Working at IT	220 845	617 868
JS Medical & Surgical Suppliers	H Williams	Kimberley Hospital	10 081	139 916
Moribe creations Co Ltd	M.A. Scheepers	Agriculture/ Home Affairs	5 000	-
Panprop CC T/A Valudata	AJ De Klerk	Principal Clerk Properties	-	194 158
Senzonhle Trading	JL Malaza	COGHSTA	7 200	-
SMEC South Africa	MN Phosa	Spouse is MEC in Mpumalanga	344 998	1 439 952
BEA Productions (PTY)LTD	EM Kock	SAPS Roodepan	204 375	48 396
Elektro Vroomen	J Modise	NERSA	-	522 062
Total Purchases			3 496 629	4 424 890

51. CONTINGENT LIABILITIES

51.1 Guarantees:

The municipality pledged the following amounts as guarantee for employees' housing bonds:

- **13 994**

The validity of these bonds in terms of the original conditions at which they were issued could not be verified with the respective banks. The banks have misplaced the guarantee documents and have exonerated the municipality from such liability. For instances where bank confirmation could not be obtained, a possible liability exists.

51.2 Court Proceedings:

51.2.1 High Court matters	98 742 801	71 879 474
Various claims and litigation is in process.		
51.2.2 Litigation and claims in process	5 605 819	8 450 684
Various claims and litigation is in process.		
51.2.3 Labour matters (SALGBC)	625 000	325 000
Various cases involving Council.		
51.2.4 Magistrate court matters	162 457	147 456
Various cases involving Council.		
	105 136 078	80 802 613

All the above cases are being defended. The timing of any cash outflow is uncertain.

51.3 Other liabilities:

51.3.1 Various cases: The municipality has implemented task grading system as a system of remuneration for all employees. However, as at 30 June 2018, the implementation of task outcomes on employees revaluated were not finalised as yet. Management is certain that this will result in a cash outflow which is unknown at the time of submitting the financials.

51.3.2 Other cases: Various claims between employees and Council is in process.

52. CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

53. IN-KIND DONATIONS AND ASSISTANCE

The municipality received no in-kind donations and assistance during the year under review.

54. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance against that budget, is set out in Note 59. Budget and actual figures are presented on a comparable basis (accrual basis of accounting).

55. PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the 2017/18 financial year.

56. EVENTS AFTER THE REPORTING DATE

After the end of the financial year, protest action that resulted in a reduction of the household electricity tariffs as well as the suspension of the Municipal Manager and the Chief Financial Officer, occurred. The amount of legal expenditure is still unknown. Management identified this as a non-adjusting subsequent event that may potentially have a significant impact on the municipality's operations. As such, a recovery plan to address the pending revenue shortfall has already been compiled and tabled to the mayoral committee. The extent of the damage to municipal properties as a result of the protest action is still being assessed. It is expected that the external insurance will cover the reparation costs. No adjusting subsequent events were identified.

57. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 39).

58. DISCONTINUED OPERATIONS

No operations have been discontinued.

59. STANDARDS AND INTERPRETATIONS APPROVED NOT YET EFFECTIVE

At the date of authorisation of these Annual Financial Statements the municipality has not applied the following GRAP standards that have been approved, but are not yet effective:

GRAP 32 Service Concession arrangements: Grantor
 GRAP 34 Separate Financial Statements
 GRAP 35 Consolidated Financial Statements
 GRAP 36 Investments in Associates and Joint Ventures
 GRAP 37 Joint Arrangements
 GRAP 38 Disclosure of interests in Other Entities
 GRAP 108 Statutory receivables
 GRAP 109 Accounting by Principals and Agents
 GRAP 110 Living and Non-living Resources

GRAP 32, 108 and 109 will effect from financial years beginning on or after 1 April 2019. GRAP 110 will effect from financial years beginning on or after 1 April 2020. Application of the other GRAP standards above will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

Management has considered all the GRAP standards issued but not yet effective and in preliminary indications management anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

60 BUDGET VS ACTUAL COMPARITIVE INFORMATION

60.1 Revenue and Expenditure

	2018 Actual	2018 Original Budget	2018 Adjustment	2018 Final Budget	2018 Variance Original vs Final Budget %	2018 Explanation of variances greater than 10% Original versus Final Budget	2018 Variance Actual vs Final Budget R	2018 Variance Actual vs Final Budget %	2018 Explanation of significant variances greater than 10% Actual versus Final Budget
	R	R	R	R	%		R	%	
REVENUE									
Property Rates	504 475 221	511 595 364	-	511 595 364	0%		(7 120 143)	-1%	
Service Charges	940 348 076	1 078 943 430	(48 900 000)	1 030 043 430	-5%		(89 695 354)	-9%	Internal services used moved from General Expenditure.
Rental of Facilities and Equipment	10 566 166	11 115 000	-	11 115 000	0%		(548 834)	-5%	
Interest Earned - External Investments	18 700 351	20 000 000	-	20 000 000	0%		(1 299 649)	-6%	
Interest Earned - Outstanding Debtors	174 794 039	97 629 000	-	97 629 000	0%		77 165 039	79%	Due to increases in debtors.
Fines	21 829 794	22 430 000	(7 000 000)	15 430 000	-31%	Due to GRAP implementation.	6 399 794	41%	Due to GRAP implementation.
Licenses and Permits	5 312 491	2 905 000	-	2 905 000	0%		2 407 491	83%	Due to increase in income.
Income for Agency Services	5 052 557	-	4 000 000	4 000 000	0%	Budget adjusted to provide for Agency service.	1 052 557	26%	Agency services extended.
Government Grants and Subsidies	377 870 958	332 845 000	65 629 200	398 474 200	20%	Due to capital projects being rolled over and new grants.	(20 603 242)	-5%	
Public Contributions and Donations	4 561 345	-	-	-	0%		4 561 345	0%	Not budgeted.
Other Income	24 518 060	26 855 060	(4 800 000)	22 055 060	-18%	Adjusting income downwards.	2 463 000	11%	
Total Revenue	2 088 029 057	2 104 317 854	8 929 200	2 113 247 054	0%		(25 217 997)	-1%	Internal services used moved from General Expenditure.
EXPENDITURE									
Employee Related Costs	647 309 202	679 381 122	-	679 381 122	0%		(32 071 920)	-5%	Due to actuarial valuation saving and saving on vacancies.
Remuneration of Councillors	28 409 358	27 674 819	-	27 674 819	0%		734 539	3%	
Impairment Losses	240 466 835	203 000 000	-	203 000 000	0%		37 466 835	18%	Due to correction on Impairment.
Depreciation	64 071 006	67 510 000	-	67 510 000	0%		(3 438 994)	-5%	
Finance Costs	27 213 051	26 811 930	-	26 811 930	0%		401 121	1%	
Bulk Purchases	501 333 991	524 000 000	-	524 000 000	0%		(22 666 009)	-4%	
Contracted services	55 840 377	44 219 000	12 955 085	57 174 085	29%	As a result of reallocations of expenditure.	(1 333 708)	-2%	
Grants and Subsidies Paid	9 324 953	9 470 000	20 000	9 490 000	0%		(165 047)	-2%	
General Expenses - Other	291 462 534	354 423 816	8 346 200	362 770 016	2%		(71 307 482)	-20%	Due to savings and Internal services moved to Income.
Losses on Inventory	129 194	-	-	-	0%		129 194	0%	Not budgeted.
Losses on disposal of property, plant and equipment	2 153 967	-	-	-	0%		2 153 967	0%	Not budgeted.
Foreign Exchange Loss	354 136	-	-	-	0%		354 136	0%	Due to devaluating of the Rand.
Impairment of property, plant and equipment	371 499	-	-	-	0%		371 499	0%	
Total Expenditure	1 868 440 103	1 936 490 687	21 321 285	1 957 811 972	1%		(89 371 869)	-5%	Due to the savings in general expenditure, employee costs and bulk purchases.
NET SURPLUS FOR THE YEAR	219 588 954	167 827 167	(12 392 085)	155 435 082	-7%		64 153 872	41%	Due to the savings in expenditure .

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

60 BUDGET VS ACTUAL COMPARITIVE INFORMATION (Continued)

60.2 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Directorate	2018 Actual Additions R	2018 Work in Progress Additions R	2018 Total Additions R	2018 Original Budget R	2018 Adjustment R	2018 Final Budget R	2018 Variance Original vs Final Budget %	2018 Explanation of variances greater than 10% Original versus Final Budget	2018 Variance Actual vs Final Budget R	2018 Variance Actual vs Final Budget %	2018 Explanation of significant variances greater than 10% Actual versus Final Budget
Executive and Council	71 609	-	71 609	10 000 000	(846 000)	9 154 000	-8%	Budget reduced.	(9 082 391)	-99%	Projects not realising.
Municipal General	359 847	-	359 847	-	-	-	-		359 847		Loose equipment reallocation.
Municipal Manager	20 769	-	20 769	-	-	-	-		20 769		Loose equipment reallocation.
Corporate Services	619 754	-	619 754	-	-	-	-		619 754		Loose equipment reallocation.
Community Services	75 146	8 508 189	8 583 335	16 694 000	695 000	17 389 000	4%		(8 805 665)	-51%	Fire station project awarded late in the year.
Financial Services	563 481	-	563 481	2 000 000	4 893 000	6 893 000	245%	Add additional projects and rolled over projects.	(6 329 519)	-92%	Intangible assets reallocated.
Strategic and Economic Development	355 320	-	355 320	24 100 000	1 200 000	25 300 000	5%	Add additional projects and rolled over projects.	(24 944 680)	-99%	Project budget moved to Infrastructure.
Infrastructure and Services	17 199 181	215 355 824	232 555 005	179 272 000	75 933 000	255 205 000	42%	Add additional projects and rolled over projects.	(22 649 995)	-9%	Non qualifying assets expenditure and VAT income on grants transferred to operational budget. Projects not being completed.
TOTAL	19 265 108	223 864 013	243 129 121	232 066 000	81 875 000	313 941 000	35%	Add additional projects and rolled over projects.	(70 811 879)	-23%	Non qualifying assets expenditure and VAT income on grants transferred to operational budget. Projects not being completed.

60 BUDGET VS ACTUAL COMPARITIVE INFORMATION (Continued)

60.3 Cash Flow

	2018 Actual	2018 Original Budget	2018 Adjustment	2018 Final Budget	2018 Variance Original vs Final Budget %	2018 Explanation of variances greater than 10% Original versus Final Budget	2018 Variance Actual vs Final Budget R	2018 Variance Actual vs Final Budget %	2018 Explanation of variances greater than 10% Actual versus Final Budget
	R	R	R	R			R		
CASH FLOWS FROM OPERATING ACTIVITIES									
Grants received	377 870 958	332 845 000	65 629 200	398 474 200	16%	Income adjusted due to new grants.	(20 603 242)	-5%	
Sale of goods and services	1 115 852 593	1 511 798 975	-	1 511 798 975	0%		(395 946 382)	-26%	Due to income not realising.
Employee Costs	647 309 202	679 381 000	-	679 381 000	0%		(32 071 798)	-5%	Due to increase of debtors
Supplier payments	905 384 375	933 865 761	(24 685 000)	909 180 761	-3%		(3 796 386)	0%	Saving on expenditure
Cash generated from / (utilised in) Operations	(58 970 026)	231 397 214	90 314 200	321 711 414					
Interest received	193 494 390	44 407 250	-	44 407 250	0%		149 087 140	336%	Investment income increased above expectations.
Interest paid	(27 213 051)	(26 811 930)	-	(26 811 930)	0%		(401 121)	1%	
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	107 311 314	248 992 534	90 314 200	339 306 734					
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of Property, Plant and Equipment	(243 129 121)	(232 065 602)	(81 875 334)	(313 940 936)	26%	Rollled over projects not and new projects added.	70 811 815	-23%	Projects not completed before year end.
Purchase of Intangible Assets	(11 339 692)			-			(11 339 692)	0%	Project re-categorised.
Purchase of Investment Property	(813 064)			-			(813 064)	0%	Project re-categorised.
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	(255 281 877)	(232 065 602)	(81 875 334)	(313 940 936)					
CASH FLOWS FROM FINANCING ACTIVITIES									
New Finance leases	6 479 548	-	-	-	0%				
Loans repaid	(8 246 580)	(8 237 816)	-	(8 237 816)	0%		(8 764)	0%	
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	(1 767 032)	(8 237 816)	-	(8 237 816)					
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(147 380 929)	8 689 116	8 438 866	17 127 982					
Cash and Cash Equivalents at the beginning of the year	226 561 404	235 000 000	(8 438 596)	226 561 404					
Cash and Cash Equivalents at the end of the year	79 180 475	243 689 116	270	243 689 386					

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

60 BUDGET VS ACTUAL COMPARITIVE INFORMATION (Continued)

60.4 Statement of Financial Position

	2018 Actual	2018 Original Budget	2018 Adjustment	2018 Final Budget	2018 Variance Original vs Final Budget %	2018 Explanation of variances greater than 10% Original versus Final Budget	2018 Variance Actual vs Final Budget R	2018 Variance Actual vs Final Budget %	2018 Explanation of variances greater than 10% Actual versus Final Budget
	R	R	R	R					
ASSETS									
Current Assets	1 428 550 204	1 248 887 268	-	1 248 887 268					
Inventory	36 166 686	36 865 448	-	36 865 448	0%		(698 762)	-2%	
Trade Receivables from Exchange Transactions	821 809 061	352 703 073	-	352 703 073	0%		469 105 988	133%	Increase in debtors.
Trade Receivables from Non-Exchange Transactions	443 525 283	580 342 262	-	580 342 262	0%		(136 816 979)	-24%	Increase in debtors.
Cash and Cash Equivalents	93 994 317	267 689 495	-	267 689 495	0%		(173 695 178)	-65%	Decrease in investments.
Vat Receivable from Exchange Transactions	33 054 857	11 286 990	-	11 286 990	0%		21 767 867	193%	Claim submitted to SARS.
Non-Current Assets	1 875 118 912	1 928 955 734	-	1 928 955 734					
Property, Plant and Equipment	1 651 905 207	1 721 543 801	-	1 721 543 801	0%		(69 638 594)	-4%	
Heritage Assets	7 863 705	8 648 295	-	8 648 295	0%		(784 590)	-9%	Grants projects rolled over not completed.
Intangible Assets	11 052 314	6 521 473	-	6 521 473	0%		4 530 841	69%	New contracts.
Investment Property	194 125 578	190 519 830	-	190 519 830	0%		3 605 748	2%	
Trade Receivables from Exchange Transactions	8 123 515	1 558 199	-	1 558 199	0%		6 565 316	421%	Increase in actuals vs budgeted.
Trade Receivables from Non-Exchange Transactions	2 048 593	164 136	-	164 136	0%		1 884 457	1148%	Increase in actuals vs budgeted.
Total Assets	3 303 669 117	3 177 843 002	-	3 177 843 002					
LIABILITIES									
Current Liabilities	295 527 498	268 626 254	-	268 626 254					
Consumer Deposits	32 340 693	34 555 475	-	34 555 475	0%		(2 214 782)	-6%	
Employee Benefits	11 486 636	10 516 122	-	10 516 122	0%		970 514	9%	
Payables from Exchange Transactions	161 798 563	188 385 520	-	188 385 520	0%		(26 586 956)	-14%	Decrease in creditors on year end.
Unspent Conditional Grants and Receipts	23 047 597	-	-	-	0%		23 047 597	0%	
Vat Payable from Exchange Transactions	39 360 026	25 918 627	-	25 918 627	0%		13 441 399	52%	Due to impairment of VAT on debtors.
Bank Overdraft	14 813 842	-	-	-	0%		14 813 842	0%	
Current Portion of Long-term Liabilities	12 680 140	9 250 510	-	9 250 510	0%		3 429 630	37%	
Non-Current Liabilities	441 515 620	506 675 270	-	506 675 270					
Long-term Liabilities	204 225 630	192 949 174	-	192 949 174	0%		11 276 456	6%	
Employee Benefit Liabilities	236 815 202	261 919 852	-	261 919 852	0%		(25 104 650)	-10%	Lower actuarial losses.
Non-current Provisions	474 788	51 806 244	-	51 806 244	0%		(51 331 456)	-99%	Adjustment in provision of Refuse dump.
Total Liabilities	737 043 118	775 301 524	-	775 301 524					
Total Assets and Liabilities	2 566 625 998	2 402 541 478	-	2 402 541 478					
NET ASSETS	2 566 625 998	2 402 541 478	-	2 402 541 478					
Accumulated Surplus	2 566 625 998	2 402 541 478	-	2 402 541 478	0%		164 084 520	7%	
Total Net Assets	2 566 625 998	2 402 541 478	-	2 402 541 478					

APPENDIX A (UNAUDITED)
SOL PLAATJE LOCAL MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018

EXTERNAL LOANS	Loan Number	Redeemable Date	Balance at 30/06/17	Received during the period	Redeemed written off during the period	Balance at 30/06/18	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG TERM LIABILITIES								
ANNUITY LOANS								
DBSA Loan @ 10.91%	101452	31-12-2019	4 218 018		1 554 253	2 663 765	217 650 066	
DBSA Loan @ 12.61%	102855/1	31-12-2028	14 985 546		633 200	14 352 346		
DBSA Loan @ 6.75%	102855/3	31-12-2023	2 664 886		339 020	2 325 866		
DBSA Loan @ 12.445%	103958/2	30-06-2031	196 804 352		5 720 107	191 084 245		
Sub total DBSA			218 672 802	-	8 246 580	210 426 223		
Total Annuity loans			218 672 802	-	8 246 580	210 426 223	217 650 066	-
TOTAL EXTERNAL LOANS			218 672 802	-	8 246 580	210 426 223	217 650 066	-

APPENDIX B (UNAUDITED)
SOL PLAATJE LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2018

	Cost/Revaluation							Accumulated Depreciation and Impairment				Carrying Value	
	Opening Balance	Additions	Work in Progress Additions	Disposals/ Impairment	Work in Progress (WIP)			Closing Balance	Opening Balance	Additions	Disposals/ Impairment		Closing Balance
					Opening Balance	Commissioned	Closing Balance						
Infrastructure													
Electricity and Street Lights	330 520 998	5 733 481	19 371 503	(16 016)			19 371 503	355 609 967	111 175 824	7 428 832	(14 449)	118 590 208	237 019 760
Roads and Pavements	385 029 243	101 888	108 785 213		25 216 770		134 001 983	493 916 343	120 865 424	10 431 325	364 159	131 660 908	362 255 435
Sewerage	439 579 849		16 491 027	(26 542)			16 491 027	456 044 334	68 702 033	12 193 599	(12 378)	80 883 255	375 161 080
Stormwater	74 498 615		11 436 479		19 967 763		31 404 242	85 935 094	37 405 693	820 291	-	38 225 984	47 709 110
Landfill Site	691 110	(216 322)						474 788	0			0	474 788
Landfill Site Improvements	22 936 819							22 936 819		800 066	-	800 066	22 136 754
Water	315 575 262	5 577 007	59 271 601	(184 965)	44 749 394		104 020 995	380 238 906	121 506 488	6 029 676	(102 500)	127 433 664	252 805 242
	1 568 831 897	11 196 054	215 355 824	(227 522)	89 933 928	-	305 289 751	1 795 156 252	459 655 462	37 703 790	234 832	497 594 084	1 297 562 168
Community Assets													
Owned Buildings	248 766 867	75 146	8 508 189		1 135 842		9 644 031	257 350 202	64 514 990	8 442 820		72 957 810	184 392 392
Land	120 161 263						-	120 161 263				-	120 161 263
	368 928 130	75 146	8 508 189	-	1 135 842	-	9 644 031	377 511 465	64 514 990	8 442 820	-	72 957 809.88	304 553 655
Heritage Assets													
Heritage Assets	7 863 705				1 846 350		1 846 350	7 863 705				-	7 863 705
	7 863 705	-	-	-	1 846 350	-	1 846 350	7 863 705	-	-	-	-	7 863 705
Other Assets													
Computer Equipment	18 758 081	864 361		(4 046 334)				15 576 108	11 233 140	2 672 711	(3 075 107)	10 830 744	4 745 364
Furniture and Equipment	21 815 224	548 495		(721 711)				21 642 009	16 624 440	1 322 698	(435 809)	17 511 329	4 130 680
Other Machinery and Equipment	14 459 511	577 926		(1 662 051)				13 375 386	9 775 223	1 257 451	(994 375)	10 038 299	3 337 087
Motor Vehicles	94 827 871	6 003 127		(409 016)				100 421 982	54 708 764	8 383 915	(246 951)	62 845 727	37 576 255
Assets Held for Sale								-				-	-
	149 860 688	7 993 909	-	(6 839 112)	-	-	-	151 015 485	92 341 567	13 636 774	-4 752 241	101 226 100	49 789 385
Total	2 095 484 419	19 265 108	223 864 013	(7 066 634)	92 916 120	-	316 780 133	2 331 546 906	616 512 019	59 783 384	-4 517 409	671 777 994	1 659 768 912

APPENDIX C (UNAUDITED)
SOL PLAATJE LOCAL MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2018

Directorate	Cost							Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Work in Progress Additions	Disposals	Work in Progress (WIP)			Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
					Opening Balance	Commissioned	Closing Balance						
Executive and Council	3 568 005	71 609						3 639 615	741 606	256 708	(12 563)	985 751	2 653 864
Municipal General	3 024 073	359 847						3 383 920	1 258 735	458 929	(19 615)	1 698 049	1 685 871
Municipal Manager	2 105 979	20 769						2 126 748	825 592	159 856	(234 832)	750 616	1 376 132
Corporate Services	36 726 808	619 754						37 346 562	8 894 102	798 654	(529 345)	9 163 411	28 183 151
Community Services	339 064 266	75 146	8 508 189		2 982 193		11 490 382	347 647 601	73 511 614	8 442 820	(1 352 362)	80 602 072	267 045 528
Financial Services	17 700 964	563 481						18 264 445	7 010 059	659 863	(596 620)	7 073 302	11 191 144
Strategic and Economic Development	37 849 235	355 320						38 204 555	10 874 428	1 918 849	(1 290 289)	11 502 988	26 701 566
Infrastructure and Services	1 655 445 089	17 199 181	215 355 824	(7 066 634)	89 933 927		305 289 751	1 880 933 460	513 395 883	47 087 705	(481 783)	560 001 805	1 320 931 656
TOTAL	2 095 484 419	19 265 108	223 864 013	(7 066 634)	92 916 120	-	316 780 133	2 331 546 906	616 512 019	59 783 384	(4 517 409)	671 777 994	1 659 768 912

APPENDIX D (UNAUDITED)
SOL PLAATJE LOCAL MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 JUNE 2018

	2018 Original Budget	2018 Adjustment	2018 Final Budget	2018 Variance Original vs Final Budget %	2018 Explanation of variances greater than 10% Original versus Final Budget	2018 Actual Income & Expenditure R	2018 Variance Actual vs Final Budget R	2018 Variance Actual vs Final Budget %	2018 Explanation of significant variances greater than 10% Actual versus Final Budget
	R	R	R	%		R	R	%	
Income per directorate									
Executive and Council			—						
Municipal General	412 281 347	67 594 200	479 875 547	16%	Increases on: grant funding and interest received.	495 207 625	15 332 078	3%	
Municipal Manager	2 213 653	-	2 213 653	0%		2 037 156	(176 497)	-8%	Income not realising.
Corporate Services	7 723 500	-	7 723 500	0%		4 553 467	(3 170 033)	-41%	Grant income not realising.
Community Services	87 903 984	2 400 000	90 303 984	3%		102 824 185	12 520 201	14%	Income fines increased.
Financial Services	526 681 364	(8 365 000)	518 316 364	-2%		509 901 508	(8 414 856)	-2%	
Strategic and Economic Development	9 467 000	(2 700 000)	6 767 000	-29%	Reduce income	6 861 212	94 212	1%	
Infrastructure and Services	1 058 047 007	(50 000 001)	1 008 047 006	-5%	Reduce income	966 643 905	(41 403 101)	-4%	Internal services used moved from General Expenditure.
Total	2 104 317 855	8 929 199	2 113 247 054	0%		2 088 029 057	(25 217 997)	-1%	
Expenditure per directorate									
Executive and Council	43 808 042	2	43 808 044	0%		54 770 969	10 962 925	25%	Employee costs and Councillor's remuneration.
Municipal General	322 417 927	8 136 085	330 554 012	3%		375 186 855	44 632 843	14%	As a result of actuarial valuation.
Municipal Manager	20 538 704	1 700 000	22 238 704	8%		18 575 658	(3 663 046)	-16%	Saving on vacancies not filled.
Corporate Services	65 620 129	6	65 620 135	0%		59 010 911	(6 609 224)	-10%	Saving on vacancies not filled.
Community Services	249 676 382	1 275 001	250 951 383	1%		239 726 936	(11 224 447)	-4%	
Financial Services	127 796 354	(615 004)	127 181 350	0%		112 282 416	(14 898 935)	-12%	Saving on vacancies not filled.
Strategic and Economic Development	54 183 309	525 200	54 708 509	1%		55 417 944	709 435	1%	
Infrastructure and Services	1 052 449 844	10 299 991	1 062 749 835	1%		953 468 415	(109 281 420)	-10%	Internal services moved from General Expenditure to Income.
Total	1 936 490 692	21 321 280	1 957 811 972	1%		1 868 440 103	(89 371 869)	-5%	Due to the savings in general expenditure, employee costs and bulk purchases.
Surplus/(Deficit)	167 827 163	(12 392 081)	155 435 082	-7%	Increase on grant funding for capital.	219 588 954	64 153 872	41%	Due to the savings in expenditure .

APPENDIX E (UNAUDITED)
SOL PLAATJE LOCAL MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

Grants and Subsidies received for the year ended 30 June 2018

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did the municipality comply with the grant conditions in terms of grant framework in the	Reason for non-compliance
		Total	Total	Total	Total		Yes / No	
Library Services	Provincial	7 000 000	7 000 000	-	7 000 000	None	Yes	None
Primary Health	Provincial					No payment received. Debtor outstanding is R5 395 666.	Yes	None
EPWP	Provincial	4 762 000	4 762 000	-	4 762 000	None	Yes	None
Equitable Share	National	150 981 680	N/A	-	150 981 680	None	Yes	None
WSIG	National	25 000 000	18 834 164	-	25 000 000	None	Yes	None
Financial Management Grant	National	1 700 000	1 700 000	-	1 700 000	None	Yes	None
MIG	National	42 503 000	36 699 896	-	42 503 000	None	Yes	None
MSIG	National			-	1 225 200	None	Yes	None
INEP	National	26 000 000	26 000 000	-	26 000 000	None	Yes	None
EEDSM	National	6 000 000	6 000 000		6 000 000	None	Yes	None
ISDG (Skills)	National	4 633 000	1 492 310	-	4 633 000	None	Yes	None
Frances Baard Municipality	Municipality	2 826 173	3 907 947	-	N/A	None.	N/A	None
Coghsta	Provincial					None. Debtor outstanding is R32 207 643.	Yes	None
Department of Economic Dev	Provincial		599 241		N/A	None	Yes	None
DSAC	Provincial		2 356 720	-	8 305 827	None	Yes	None
GURP	Provincial					None. Debtor outstanding is R11 382 594.	Yes	None
RBIG	National	20 000 000	20 000 000	-	20 000 000	No payment received. Debtor outstanding is R6 937 485.	Yes	None
NDPG	National	97 537 000	97 537 000	-	97 537 000	None	Yes	None
Total		388 942 853	226 889 278	0	395 647 707			

National and Provincial grants are spent in accordance with business plans approved by the various Government Departments.
The EPWP grant is a job creating grant to alleviate poverty and unemployment approved by National Government.

APPENDIX F (UNAUDITED)
SOL PLAATJE LOCAL MUNICIPALITY: DISCLOSURES OF DEVIATIONS FROM PROCUREMENT POLICY
FOR THE YEAR ENDED 30 JUNE 2018

DocNo.	Service Provider	Service Rendered / Product Purchased	Financial Implications	Line Manager	Motivation
1/2017/18	Van Schaik Bookstore	Procurement of prescribed books for Councillors studying in Fort Hare University	135 922	M Van Zyl	Sole provider
2/2017/18	ABB South Africa (Pty) Ltd	Procurement of Unigear Switchgear from ABB	1 784 097	O Groenewaldt	Exceptional cases
3/2017/18	Nanyata Siyaya Holdings	Tram operation training for Tram drivers	62 780	N Poolo	Exceptional cases
4/2017/18	Travel Dot Com PTY LTD	Accommodation and transport for 152 participation. 2x60 seater buses	767 916	O Mojanaga	Exceptional cases
5/2017/18	Halsted and Company (PTY)LTD	Procurement of uniform for Sport Recreation Club	200 252	O Mojanaga	Exceptional cases
6/2017/18	Tele Tronic	Supply and delivery of traffic Signal Equipment	137 709	N Sinombe	Exceptional cases
7/2017/18	DTM Software Partners (PTY) LTD	Procurement of license agreement for users (Human Resources and Equity)	168 240	M Van Zyl	Sole provider
8/2017/18	EPP Enterprises	Replacement of damaged roll up door with new door	33 000	R Thomas	An Emergency
9/2017/18	Prokon	Quality control of fresh produce at the market	55 281	J Taku	Sole provider
10/2017/18	University of Fort Hare	Payment for councillors studying at Fort Hare University	868 000	M Van Zyl	Sole provider
11/2017/18	Sanitech	Supply and delivery of sanitation facilities (chemical toilets) for various informal settlements in and around City	469 224	ME Seleho	Exceptional cases
12/2017/18	Zilko Tours & Travel	Car hire for the Executive Mayor from 16-29 June 2017	31 842	GT Mosimane	Exceptional cases
13/2017/18	Zilko Tours & Travel	Car hire for the Executive Mayor from 24 July - 07 August 2017	36 042	GT Mosimane	Exceptional cases
14/2017/18	Ontec Systems PTY LTD (ITRON)	Purchase of pre-paid meters	1 248 300	O Groenewaldt, J Modutle	Exceptional cases
15/2017/18	Sekate Consulting (Pty) LTD	Planning & Surveying in order to relocate Santa Centre overflow of households, Galeshewe, (+- 107 overflow Erven)	382 375	N Modiba,	Exceptional cases
16/2017/18	Astra Travel	Accommodation for 18 Councillors that will be attending SAMSRA Games in Rustenburg	148 163	S Jonas	Exceptional cases
17/2017/18	APE Pumps	Riverton WTP High Lift Pump # 10 repairs	115 756	ME Seleho	An Emergency
18/2017/18	Rand Water Analytical Services	Full analysis domestic supply without micro cyst	64 786	S Mkhize	Sole Provider
19/2017/18	Marce Project (PTY) LTD	Emergency repairs on Scania Fire Tender	93 582	MW Pretorius	An Emergency
20/2017/18	Human Communications PTY (LTD)	Advertising Municipal Manager Position in the newspapers	34 926	E Jacobs	Exceptional cases
21/2017/18	Iceburg Group PTY (LTD)	Additional works and dealing with hard-rock excavations and excessive water at Newton Reservoir Site	4 781 196	HF Harding	Exceptional cases
22/2017/18	Gordons Trucks and Auto Spares	Parts for Brake Overhaul	198 000	P Gray	Exceptional cases
23/2017/18	Zilko Tours & Travel	Accommodation and Bus Hire for the Sol Plaatje Municipality Choir travelling to East London	129 180	O Mojanaga	Exceptional cases
24/2017/18	Zilko Tours & Travel	Accommodation and Bus hire for the Sol Plaatje Sports Member travelling to Mangaung	198 600	O Mojanaga	Exceptional cases
25/2017/18	PV Engineering SA (PTY)LTD	Refurbish of DN 400 PN25 wedge gate valve complete with DN 80 by pass, DN400 PN25 single door reflux valve	108 549	S Coetzee	An Emergency
26/2017/18	Zilko Tours & Travel	Accommodation for Ad hoc Committee who went to the Benchmarking Exercise towards Nelson Mandela at the King Dalindyebo Local Municipality	36 552	ES Mdali	Exceptional cases
27/2017/18	Zilko Tours & Travel	Car hire for the Mayor since the official car was in for service	36 342	GT Mosimane	Exceptional cases
28/2017/18	Zilko Tours & Travel	Car hire for the Mayor since the official car was in for service	45 342	GT Mosimane	Exceptional cases
29/2017/18	Barloworld	Repairs to Transmission	153 145	M Arthur	Sole Provider
30/2017/18	ACDC Express	Procurement of Christmas decorations	188 108	B Anthony	Exceptional cases
31/2017/18	Interconnect Systems (PTY) LTD	Installation Fiber Link to City Hall	38 862	M Mothaudi	Exceptional cases
32/2017/18	Parsons Home Appliances CC	Supply, delivery and assembly of Furniture	67 830	BM Janse van Rensburg	Exceptional cases
33/2017/18	Imperial Nissan Kimberley	Procurement of complete engine (Nissan KA 20)	61 097	MP Arthur	Sole Provider
34/2017/18	Nandina trading 551 cc T/A TRS	Procurement of Services for the removal of faulty transformer at Hadison Park Substation and Installation of spare transformer	230 485	O Groenewaldt	Exceptional cases
35/2017/18	Marce Projects (PTY)LTD	Replacement of single stage fire pump (F101)	315 939	MW Pretorius	An Emergency
36/2017/18	PSA AFRICA PTY LTD	Procurement of 10 portable gas detectors (MSA ALTAIR 4X MULTI GAS DETECTOR)	129 275	ME Seleho	Sole Provider
37/2017/18	Microsoft Corporation	Microsoft EA Agreement. (Software licenses for Microsoft products used by the Municipality in day to day operations)	2 485 929	WL Gouws	Sole Provider
38/2017/18	Uyapo Engineering Projects	Cleaning of Galeshewe sewer outfall main	1 776 292	ME Seleho	An Emergency
39/2017/18	Linri Enterprises	Collation, Editing, Proof-reading and design and Layout of the Annual Report 2016/17	289 731	C Henderson	Sole Provider
40/2017/18	Mubesko Africa Municipal Business Consultants	Professional Services to analyse, consider the proposals and recommend improvements to the organogram to be more efficient, effective and Service Delivery Driven	198 522	M van Zyl	Exceptional cases
41/2017/18	Lexis Nexis	Road Traffic/Transport Act 93/1996 Annual Subscription 2017/2018	38 882	CFM Langford	Sole Provider
42/2017/18	Weird Industries cc	Extinguishing of burning sludge at homevale WWTW by removing and stock-piling it in emergency and irrigation ponds, using grader, excavator and front-end-loader	976 752	S Mkhiza	An Emergency
43/2017/18	DRH Steel	Manufacture, Supply and install three (3) 965x200mm unequal scour tee's on rising main from Riverton	716 550	HF Harding	Exceptional cases
44/2017/18	Matigen (PTY)LTD	Emergency repairs of water leaks on the 965mm rising main (potable water)	192 150	S Mkhize	An Emergency
45/2017/18	Universal Equipment	Supply and fit new rotary screw compressor at new plant	100 472	S Soetsee	An Emergency
46/2017/18	Lethabile Couches	Hiring of Buses for the community to attend the National Armed Forces Day	64 800	GT Mosimane	An Emergency
47/2017/18	Umphile trade and investment	Rental of mobile toilets for Armed force week	265 000	GT Mosimane	An Emergency
48/2017/18	Gem Con	Scraping, grading and construction of access gravel road for the rising main between Riverton and Kimberley	1 221 700	S Mkhize	An Emergency
49/2017/18	C-pac Pumps and Valves	Procurement of cascade clamps	73 503	D Leeuw	Exceptional cases
50/2017/18	Prokon	Inspection of product on Market Floor	81 937	J Taku	Sole provider
51/2017/18	Zilko Tours & Travel	Car Hire	31 842	GT Mosimane	Exceptional cases
52/2017/18	C-pac Pumps and Valves	Execution of additional work to contract INFRA/CEE/08/2016. Repairs to pumps and motors for 10 000KW AEI Electric motors for high lift pumps No.7,8 and 10	797 336	S Mkhize	An Emergency
53/2017/18	Orange Toyota	Complete engine for a Toyota Quantum Panel van 2012 year model	89 089	M Arthur	Sole provider
54/2017/18	Umphile trade and investment	Rental of mobile toilets for Armed force week	37 100	GT Mosimane	An Emergency
55/2017/18	Auto Door	Supply and install two electronic aluminium overhead bay doors at Galeshewe Fire Station	180 342	NJ Sephiri	Sole provider
56/2017/18	MA & R Consulting (PTY)LTD	Verification and updating of indigent Register	3 000 000	K Samolapo	Exceptional cases
57/2017/18	RiskCom SA	Payment for training	31 776	M van Zyl	Exceptional cases
58/2017/18	Sparks & Ellis Uniforms	Supply and delivery of Traffic Officer Uniform 2017/2018	184 885	CFM Langford	An Emergency
59/2017/18	Sanitech Toilet Hire	Supply and delivery of sanitation facilities (chemical toilet) for various informal settlements in and around the city	920 000	ME Seleho	Exceptional cases
60/2017/18	Roburn Construction	Construction of multi-purpose sports court in Galeshewe	1 201 187	M Seleho	Exceptional cases
61/2017/18	Spectrum	Supply and delivery of Scada Equipment	431 855	N Sinombe	Exceptional cases
62/2017/18	C-Pac Pumps & Valves	Supply of Reflux Valve	78 660	S Coetzee	An Emergency
63/2017/18	TRS	Installation of new ABB Unigear at Birbeck Street Substation	194 600	O Groenewaldt	Sole Supplier
64/2017/18	C-Pac Pumps & Valves	Repair to high Lift Pump 7. Shaft replacement and impeller rebuild, with related parts and accessories	1 964 882	S Mkhize	An Emergency
65/2017/18	Bra Joe's Steel Works & General Construction	Rehabilitation and Reconstruction of six pedestrian bridges in Galesheer	315 530	TL Raseobi	An Emergency
66/2017/18	Ronre Electrical	Supply and delivery of protection relay	143 824	N Sinombe	An Emergency
67/2017/18	Gordons Trucks	Supply and delivery of Motor Parts as per attached quotation	65 918	P Gray	Exceptional cases
68/2017/18	Gordons Trucks	Supply and delivery of Motor Parts as per attached quotation	117 759	P Gray	Exceptional cases
69/2017/18	Servest (Pty)Ltd	Appointment of a contractor to refurbish and upgrading of a multi-purpose hall in De Beers stadium	1 617 030	M Seleho	Exceptional cases
70/2017/18	TRS	Refurbishment and modification of existing ABB Unigear Switchgear and installation of a new ABB Unigear Switchgear in Roodepan Switch House No.2	182 686	N Zwane	Sole Supplier
71/2017/18	Marce Projects	Repair faults on Fire Fighting Vehicle (F101)	305 971	R Janse van Vuuren	An Emergency
72/2017/18	Ben Ben Technologies	Supply 60 watt led light head,185/200 watt led light head & replace 70 watt HPS with 40w led head	5 997 921	O Groenewaldt	Exceptional cases
73/2017/18	Trek Scale Company(Pty)Limited	To test and verify 80 Ton Toledo IND560 road weighbridge	95 565	CFM Langford	Sole Supplier
74/2017/18	CK Industries	Appointment of a contractor to refurbish and re-paint the athletic track in De Beers stadium	1 474 106	M Seleho	Exceptional cases

APPENDIX G
SOL PLAATJE LOCAL MUNICIPALITY
APPROPRIATION STATEMENT FOR THE ENDED 30 JUNE 2018

NC091 Sol Plaatje - Reconciliation of Table A1 Budget Summary

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
R thousands												
Financial Performance												
Property rates	511,595	0	511,595	504,475		(7,120)	98.6%	98.6%				468,497
Service charges	1,078,943	(48,900)	1,030,043	940,348		(89,695)	91.3%	87.2%				963,045
Investment revenue	20,000	-	20,000	18,700		(1,300)	93.5%	93.5%				21,576
Transfers recognised - operational	173,256	2,086	175,342	172,480		(2,862)	98.4%	99.6%				165,337
Other own revenue	160,934	(7,800)	153,134	242,073		88,939	158.1%	150.4%				198,630
Total Revenue (excluding capital transfers and contributions)	1,944,729	(54,614)	1,890,115	1,878,077		(12,038)	99.4%	96.6%				1,817,086
Employee costs	679,381	(0)	679,381	647,309	-	(32,072)	95.3%	95.3%	-	-	-	567,317
Remuneration of councillors	27,675	0	27,675	28,409	-	735	102.7%	102.7%	-	-	-	25,011
Debt impairment	203,000	-	203,000	240,467	-	37,467	118.5%	118.5%	-	-	-	190,195
Depreciation & asset impairment	67,510	-	67,510	64,071	-	(3,439)	94.9%	94.9%	-	-	-	56,982
Finance charges	26,812	(0)	26,812	27,213	-	401	101.5%	101.5%	-	-	-	27,789
Materials and bulk purchases	663,921	3,195	667,117	657,772	-	(9,344)	98.6%	99.1%	-	-	-	613,714
Transfers and grants	9,470	20	9,490	9,325	-	(165)	98.3%	98.5%	-	-	-	7,984
Other expenditure	258,721	18,106	276,828	193,874	-	(82,954)	70.0%	74.9%	-	-	-	160,004
Total Expenditure	1,936,491	21,321	1,957,812	1,868,440	-	(89,372)	95.4%	96.5%	-	-	-	1,648,995
Surplus/(Deficit)	8,238	(75,935)	(67,697)	9,637		77,334	-14.2%	117.0%				168,090
Transfers recognised - capital	159,589	63,543	223,132	205,391		(17,742)	92.0%	128.7%				89,523
Contributions recognised - capital & contributed assets	-	-	-	4,561		4,561						-
Surplus/(Deficit) after capital transfers & contributions	167,827	(12,392)	155,435	219,589		64,154	141.3%	130.8%				257,613
Share of surplus/ (deficit) of associate	-	-	-	-		-	-	-				-
Surplus/(Deficit) for the year	167,827	(12,392)	155,435	219,589		64,154	141.3%	130.8%				257,613
Capital expenditure & funds sources												
Capital expenditure	232,066	77,135	313,941	255,282		(58,659)	81.3%	110.0%				119,691
Transfers recognised - capital	159,589	63,543	223,132	205,391		(17,742)	92.0%	128.7%				89,523
Public contributions & donations	-	-	-	4,561		4,561	#DIV/0!	#DIV/0!				-
Borrowing	-	-	-	-		-	-	-				-
Internally generated funds	72,476	18,333	90,809	45,330		(45,479)	49.9%	62.5%				30,168
Total sources of capital funds	232,066	81,875	313,941	255,282		(58,659)	81.3%	110.0%				119,691
Cash flows												
Net cash from (used) operating	246,139	90,314	336,454	109,668		(226,785)	32.6%	44.6%				95,180
Net cash from (used) investing	(232,066)	(81,875)	(313,941)	(255,282)		58,659	81.3%	110.0%				(119,691)
Net cash from (used) financing	(5,385)	-	(5,385)	(1,767)		3,618	32.8%	32.8%				(8,204)
Cash/cash equivalents at the year end	243,689	-	243,689	79,181		(164,508)	32.5%	32.5%				226,561

NC091 Sol Plaatje - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	947,066	59,229	1,006,295	1,010,111		3,815	100.4%	106.7%				841,514
Executive and council	412,281	67,594	479,876	495,208		15,332	103.2%	120.1%				363,204
Budget and treasury office	534,785	(8,365)	526,420	514,903		(11,517)	97.8%	96.3%				472,632
Corporate services	-	-	-	-		-	-	-				5,678
Community and public safety	26,536	(1,500)	25,036	23,615		(1,420)	94.3%	89.0%				44,026
Community and social services	11,213	(600)	10,613	9,900		(713)	93.3%	88.3%				30,855
Sport and recreation	5,002	(1,000)	4,002	3,615		(386)	90.3%	72.3%				3,276
Public safety	90	100	190	253		63	133.0%	280.7%				128
Housing	10,201	-	10,201	9,790		(411)	96.0%	96.0%				9,692
Health	30	-	30	58		28	191.9%	191.9%				75
Economic and environmental services	17,821	(1,300)	16,521	25,773		9,252	156.0%	144.6%				12,934
Planning and development	6,349	(1,200)	5,149	4,627		(521)	89.9%	72.9%				2,575
Road transport	11,472	(100)	11,372	21,145		9,773	185.9%	184.3%				10,359
Environmental protection	-	-	-	-		-	-	-				
Trading services	1,104,777	(50,000)	1,054,777	1,014,108		(40,670)	96.1%	91.8%				1,004,389
Electricity	711,106	(40,000)	671,106	608,074		(63,032)	90.6%	85.5%				618,301
Water	264,326	(10,000)	254,326	274,988		20,661	108.1%	104.0%				255,594
Waste water management	72,382	-	72,382	75,416		3,034	104.2%	104.2%				74,755
Waste management	56,963	-	56,963	55,630		(1,333)	97.7%	97.7%				55,739
Other	8,118	2,500	10,618	14,423		3,805	135.8%	177.7%				3,744
Total Revenue - Standard	2,104,318	8,929	2,113,247	2,088,029		(25,218)	98.8%	99.2%				1,906,608
Expenditure - Standard												
Governance and administration	613,208	6,989	620,197	647,258	-	27,061	104.4%	105.6%	-	-	-	454,198
Executive and council	374,830	10,882	385,712	441,711	-	55,998	114.5%	117.8%	-	-	-	294,166
Budget and treasury office	232,905	(4,093)	228,812	200,354	-	(28,459)	87.6%	86.0%	-	-	-	96,601
Corporate services	5,473	200	5,673	5,194	-	(479)	91.6%	94.9%	-	-	-	63,431
Community and public safety	162,688	3,122	165,810	144,359	-	(21,451)	87.1%	88.7%	-	-	-	180,983
Community and social services	35,540	235	35,775	34,210	-	(1,565)	95.6%	96.3%	-	-	-	71,698
Sport and recreation	52,376	650	53,026	43,402	-	(9,624)	81.9%	82.9%	-	-	-	41,225
Public safety	33,476	1,447	34,923	33,575	-	(1,349)	96.1%	100.3%	-	-	-	36,148
Housing	24,410	700	25,110	19,515	-	(5,596)	77.7%	79.9%	-	-	-	17,672
Health	16,886	90	16,976	13,658	-	(3,317)	80.5%	80.9%	-	-	-	14,240
Economic and environmental services	121,224	478	121,702	114,119	-	(7,583)	93.8%	94.1%	-	-	-	98,442
Planning and development	45,191	525	45,716	41,528	-	(4,189)	90.8%	91.9%	-	-	-	39,105
Road transport	75,437	(47)	75,390	72,015	-	(3,375)	95.5%	95.5%	-	-	-	59,337
Environmental protection	596	-	596	576	-	(20)	96.7%	96.7%	-	-	-	
Trading services	1,017,279	10,532	1,027,810	941,992	-	(85,818)	91.7%	92.6%	-	-	-	907,337
Electricity	666,189	1,500	667,689	628,467	-	(39,222)	94.1%	94.3%	-	-	-	616,512
Water	223,230	5,600	228,830	205,859	-	(22,970)	90.0%	92.2%	-	-	-	176,301
Waste water management	70,996	3,432	74,428	53,560	-	(20,868)	72.0%	75.4%	-	-	-	60,888
Waste management	56,863	-	56,863	54,105	-	(2,758)	95.1%	95.1%	-	-	-	53,636
Other	22,092	200	22,292	20,711	-	(1,581)	92.9%	93.7%	-	-	-	8,035
Total Expenditure - Standard	1,936,491	21,321	1,957,812	1,868,440	-	(89,372)	95.4%	96.5%	-	-	-	1,648,995
Surplus/(Deficit) for the year	167,827	(12,392)	155,435	219,589	-	64,154	141.3%	130.8%	-	-	-	257,613

NC091 Sol Plaatje - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - EXECUTIVE AND COUNCIL	–	–	–	–		–						–
Vote 2 - MUNICIPAL AND GENERAL	412,281	67,594	479,876	495,208		15,332	103.2%	120.1%				402,062
Vote 3 - MUNICIPAL MANAGER	2,214	–	2,214	2,037		(176)	92.0%	92.0%				–
Vote 4 - CORPORATE SERVICES	7,724	–	7,724	4,553		(3,170)	59.0%	59.0%				5,358
Vote 5 - COMMUNITY SERVICES	87,904	2,400	90,304	101,006		10,702	111.9%	114.9%				89,884
Vote 6 - FINANCIAL SERVICES	526,681	(8,365)	518,316	509,902		(8,415)	98.4%	96.8%				472,723
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	9,467	(2,700)	6,767	6,861		94	101.4%	72.5%				6,640
Vote 8 - INFRASTRUCTURE AND SERVICES	1,058,047	(50,000)	1,008,047	968,463		(39,584)	96.1%	91.5%				929,941
Total Revenue by Vote	2,104,318	8,929	2,113,247	2,088,029		(25,218)	98.8%	99.2%				1,906,608
Expenditure by Vote to be appropriated												
Vote 1 - EXECUTIVE AND COUNCIL	43,808	–	43,808	54,771		10,963	125.0%	125.0%			–	43,422
Vote 2 - MUNICIPAL AND GENERAL	322,418	8,136	330,554	375,156		44,602	113.5%	116.4%			–	233,980
Vote 3 - MUNICIPAL MANAGER	20,539	1,700	22,239	18,576		(3,663)	83.5%	90.4%			–	16,855
Vote 4 - CORPORATE SERVICES	65,620	–	65,620	56,567		(9,054)	86.2%	86.2%			–	51,493
Vote 5 - COMMUNITY SERVICES	249,676	1,275	250,951	227,420		(23,531)	90.6%	91.1%			–	220,257
Vote 6 - FINANCIAL SERVICES	127,796	(615)	127,181	112,282		(14,899)	88.3%	87.9%			–	106,379
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	54,183	525	54,709	53,834		(875)	98.4%	99.4%			–	49,209
Vote 8 - INFRASTRUCTURE AND SERVICES	1,052,450	10,300	1,062,750	969,835		(92,915)	91.3%	92.2%			–	927,400
Total Expenditure by Vote	1,936,491	21,321	1,957,812	1,868,440	–	(89,372)	95.4%	96.5%	–	–	–	1,648,995
Surplus/(Deficit) for the year	167,827	(12,392)	155,435	219,589		64,154	141.3%	130.8%				257,613

NC091 Sol Plaatje - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	511,595	0	511,595	504,475		(7,120)	98.6%	98.6%				468,497
Property rates - penalties & collection charges	–	–	–			–	–	–				
Service charges - electricity revenue	711,106	(40,000)	671,106	594,293		(76,813)	88.6%	83.6%				618,301
Service charges - water revenue	264,046	(10,000)	254,046	235,004		(19,042)	92.5%	89.0%				254,177
Service charges - sanitation revenue	59,482	1,100	60,582	64,254		3,673	106.1%	108.0%				73,787
Service charges - refuse revenue	44,309	(0)	44,309	46,796		2,486	105.6%	105.6%				55,729
Service charges - other	–	–	–			–	–	–				(38,949)
Rental of facilities and equipment	11,115	–	11,115	10,566		(549)	95.1%	95.1%				10,025
Interest earned - external investments	20,000	–	20,000	18,700		(1,300)	93.5%	93.5%				21,576
Interest earned - outstanding debtors	97,629	–	97,629	174,794		77,165	179.0%	179.0%				130,078
Dividends received	–	–	–			–	–	–				
Fines	22,430	(7,000)	15,430	21,830		6,400	141.5%	97.3%				19,915
Licences and permits	2,905	–	2,905	5,312		2,407	182.9%	182.9%				2,801
Agency services	–	4,000	4,000	5,053		1,053	126.3%	#DIV/0!				6,975
Transfers recognised - operational	173,256	2,086	175,342	172,480		(2,862)	98.4%	99.6%				165,337
Other revenue	26,855	(4,800)	22,055	24,518		2,463	111.2%	91.3%				26,177
Gains on disposal of PPE	–	–	–			–	–	–				2,659
Total Revenue (excluding capital transfers and contributions)	1,944,729	(54,614)	1,890,115	1,878,077		(12,038)	99.4%	96.6%				1,817,086
Expenditure By Type												
Employee related costs	679,381	(0)	679,381	647,309		(32,072)	95.3%	95.3%			–	567,317
Remuneration of councillors	27,675	0	27,675	28,409		735	102.7%	102.7%			–	25,011
Debt impairment	203,000	–	203,000	240,467		37,467	118.5%	118.5%			–	190,195
Depreciation & asset impairment	67,510	–	67,510	64,071		(3,439)	94.9%	94.9%			–	56,982
Finance charges	26,812	(0)	26,812	27,213		401	101.5%	101.5%			–	27,789
Bulk purchases	524,000	–	524,000	501,334		(22,666)	95.7%	95.7%			–	491,966
Other materials	139,921	3,195	143,117	156,438		13,322	109.3%	111.8%			–	121,748
Contracted services	44,219	12,955	57,174	55,840		(1,334)	97.7%	126.3%			–	42,170
Transfers and grants	9,470	20	9,490	9,325		(165)	98.3%	98.5%			–	7,984
Other expenditure	214,502	5,151	219,653	135,879		(83,774)	61.9%	63.3%			–	114,524
Loss on disposal of PPE	–	–	–	2,154		2,154	#DIV/0!	#DIV/0!			–	3,309
Total Expenditure	1,936,491	21,321	1,957,812	1,868,440	–	(89,372)	95.4%	96.5%	–	–	–	1,648,995
Surplus/(Deficit)	8,238	(75,935)	(67,697)	9,637		77,334	-14.2%	117.0%				168,090
Transfers recognised - capital	159,589	63,543	223,132	205,391		(17,742)	92.0%	128.7%				89,523
Contributions recognised - capital	–	–	–			–	–	–				
Contributed assets	–	–	–	4,561		4,561	#DIV/0!	#DIV/0!				
Surplus/(Deficit) after capital transfers & contributions	167,827	(12,392)	155,435	219,589		64,154	141.3%	130.8%				257,613
Taxation	–	–	–			–	–	–				
Surplus/(Deficit) after taxation	167,827	(12,392)	155,435	219,589		64,154	141.3%	130.8%				257,613
Attributable to minorities	–	–	–			–	–	–				
Surplus/(Deficit) attributable to municipality	167,827	(12,392)	155,435	219,589		64,154	141.3%	130.8%				257,613
Share of surplus/ (deficit) of associate	–	–	–			–	–	–				
Surplus/(Deficit) for the year	167,827	(12,392)	155,435	219,589		64,154	141.3%	130.8%				257,613

NC091 Sol Plaatje - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2017/18								2016/17			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - EXECUTIVE AND COUNCIL	3,000	—	3,000	4,276		1,276	143%	143%			—	
Vote 2 - MUNICIPAL AND GENERAL	—	—	—	—		—	—	—			—	
Vote 3 - MUNICIPAL MANAGER	—	—	—	—		—	—	—			—	
Vote 4 - CORPORATE SERVICES	—	—	—	—		—	—	—			—	
Vote 5 - COMMUNITY SERVICES	—	—	—	—		—	—	—			—	3,002
Vote 6 - FINANCIAL SERVICES	2,000	—	4,593	9,055		4,462	197%	453%			—	
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	24,100	—	24,100	813		(23,287)	3%	3%			—	—
Vote 8 - INFRASTRUCTURE AND SERVICES	73,482	82,480	155,963	145,729		(10,233)	93%	198%			—	37,767
Capital multi-year expenditure	102,582	82,480	187,655	159,873	—	(27,782)	85%	156%	—	—	—	40,769
Single-year expenditure												
Vote 1 - EXECUTIVE AND COUNCIL	7,000	—	6,154	—		(6,154)					—	2,036
Vote 2 - MUNICIPAL AND GENERAL	—	—	—	—		—					—	
Vote 3 - MUNICIPAL MANAGER	—	—	—	—		—					—	
Vote 4 - CORPORATE SERVICES	—	—	—	—		—					—	4,083
Vote 5 - COMMUNITY SERVICES	16,695	—	17,389	8,508		(8,881)	49%	51%			—	24,416
Vote 6 - FINANCIAL SERVICES	—	—	2,300	—		(2,300)	—	—			—	2,665
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	—	1,200	1,200	—		(1,200)	—	—			—	7,120
Vote 8 - INFRASTRUCTURE AND SERVICES	105,788	(6,546)	99,243	86,901		(12,342)	88%	82%			—	38,603
Capital single-year expenditure	129,483	(5,346)	126,286	95,409	—	(30,877)	76%	74%	—	—	—	78,923
Total Capital Expenditure - Vote	232,066	77,135	313,941	255,282	—	(58,659)	81%	110%	—	—	—	119,691
Capital Expenditure - Standard												
Governance and administration	12,000	6,046	18,046	4,276	—	(13,771)	24%	36%	—	—	—	6,418
Executive and council	10,000	1,154	11,154	4,276		(6,878)					—	2,036
Budget and treasury office	2,000	4,893	6,893	—		(6,893)	—	—			—	4,382
Corporate services	—	—	—	—		—	—	—			—	—
Community and public safety	16,695	470	19,542	8,508	—	(11,034)	44%	51%	—	—	—	24,416
Community and social services	9,809	470	10,279	8,508		(1,771)	83%	87%			—	24,416
Sport and recreation	6,886	—	9,263	—		(9,263)	—	—			—	—
Public safety	—	—	—	—		—	—	—			—	—
Housing	—	—	—	—		—	—	—			—	—
Health	—	—	—	—		—	—	—			—	—
Economic and environmental services	53,726	61,713	115,439	121,212	—	5,773	105%	226%	—	—	—	24,980
Planning and development	2,800	(800)	2,000	813		(1,187)	41%	29%			—	—
Road transport	50,926	62,513	113,439	120,399		6,960	106%	—			—	24,980
Environmental protection	—	—	—	—		—	—	—			—	—
Trading services	143,644	11,269	154,914	106,445	—	(48,469)	69%	74%	—	—	—	58,017
Electricity	49,000	(17,000)	32,000	25,105		(6,895)	78%	51%			—	11,144
Water	58,824	29,032	87,855	64,849		(23,007)	74%	110%			—	18,830
Waste water management	35,821	(762)	35,058	16,491		(18,567)	47%	46%			—	16,560
Waste management	—	—	—	—		—	—	—			—	11,483
Other	6,000	—	6,000	14,842		8,842	247%	247%			—	5,861
Total Capital Expenditure - Standard	232,066	79,498	313,941	255,282	—	(58,659)	81%	110%	—	—	—	119,691
Funded by:												
National Government	159,589	49,237	208,826	203,034		(5,792)	97%	127%				79,416
Provincial Government	—	14,306	14,306	2,357		(11,949)	16%	#DIV/0!				5,106
District Municipality	—	—	—	—		—	—	—				5,000
Other transfers and grants	—	—	—	—		—	—	—				—
Transfers recognised - capital	159,589	63,543	223,132	205,391	—	(17,742)	92%	129%	—	—	—	89,523
Public contributions & donations	—	—	—	4,561		4,561	#DIV/0!	#DIV/0!				—
Borrowing	—	—	—	—		—	—	—				—
Internally generated funds	72,476	18,333	90,809	45,330		(45,479)	50%	63%				30,168
Total Capital Funding	232,066	81,875	313,941	255,282	—	(58,659)	81%	110%	—	—	—	119,691

Please select from list - Reconciliation of Table A7 Budgeted Cash Flows

Description	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties and collection charges	464,989	–	464,989	368,027	(96,962)	79.1%	79.1%	347,392
Service charges	980,652	–	980,652	682,903	(297,749)	69.6%	69.6%	683,358
Other revenue	63,305	–	63,305	67,279	3,974	106.3%	106.3%	65,893
Government - operating	173,256	2,086	175,342	172,480	(2,862)	98.4%	99.6%	165,337
Government - capital	159,589	63,543	223,132	205,391	(17,742)	92.0%	128.7%	89,523
Interest	44,407	–	44,407	193,494	149,087	435.7%	435.7%	151,654
Dividends	–	–	–	–	–	–	–	–
Payments								
Suppliers and employees	(1,603,777)	24,705	(1,579,072)	(1,543,368)	35,704	97.7%	96.2%	(1,372,205)
Finance charges	(26,812)	–	(26,812)	(27,213)	(401)	101.5%	101.5%	(27,789)
Transfers and Grants	(9,470)	(20)	(9,490)	(9,325)	165	98.3%	98.5%	(7,984)
NET CASH FROM/(USED) OPERATING ACTIVITIES	246,139	90,314	336,454	109,668	(226,785)	32.6%	44.6%	95,180
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	–	–	–	–	–
Decrease (increase) in non-current debtors	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–
Payments								
Capital assets	(232,066)	(81,875)	(313,941)	(255,282)	58,659	81.3%	110.0%	(119,691)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(232,066)	(81,875)	(313,941)	(255,282)	58,659	81.3%	110.0%	(119,691)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	6,480	6,480	#DIV/0!	#DIV/0!	–
Increase (decrease) in consumer deposits	2,853	–	2,853	–	(2,853)	–	–	–
Payments								
Repayment of borrowing	(8,238)	–	(8,238)	(8,247)	(9)	100.1%	100.1%	(8,204)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(5,385)	–	(5,385)	(1,767)	3,618	32.8%	32.8%	(8,204)
NET INCREASE/ (DECREASE) IN CASH HELD	8,689	8,439	17,128	(147,381)				(32,714)
Cash/cash equivalents at the year begin:	235,000	–	226,561	226,561	–	–	–	259,276
Cash/cash equivalents at the year end:	243,689	–	243,689	79,181	(164,508)	32.5%	32.5%	226,561